



**ASSOCIATIONS  
ADVANCE  
AMERICA**

*The Value of  
Associations  
to American  
Society*

Published by

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*Highlights of the  
Hudson Institute  
Report*

**ASSOCIATIONS  
ADVANCE  
AMERICA**

*on  
The Value of  
Associations  
to American  
Society*

★ ★ ★  
**THE VALUE OF  
ASSOCIATIONS**

Executive Summary of  
The Hudson Institute  
Report

★ ★ ★  
**W**ithin hours of the great earthquake that rocked the San Francisco area in October 1989, dozens of state and national associations were busy planning relief efforts in cooperation with government services. The California Trucking Association, West Sacramento, quickly set up a network to identify serviceable roads and put out an emergency call for water trailers and other life-saving equipment.

When cyanide-laced Tylenol killed seven people in September 1982, The Proprietary Association, Washington, D.C., an organization of nonprescription, over-the-counter drug manufacturers, stepped in to identify new methods to reduce the possibility of package tampering. Three days after the deaths, the association had established a joint committee in conjunction with the U.S. Food and Drug Administration (FDA) to work on federal regulations to require tamper-



resistant packaging. A month after the tragedy, the FDA accepted the association's proposed regulations requiring tamper-resistant packaging for over-the-counter capsules, liquids, tablets, and suppositories.<sup>1</sup>

Associations are one of the largest and most powerful forces in the United States today, yet they are also among the least visible. Representing an enormous collective presence, associations impart social and economic benefits that touch each of us every day. But because the work of associations is often done quietly and behind the scenes, public perceptions vary widely about what associations are, what they do, and what contributions they make. The value of these organizations—comprising trade associations, professional societies, and health-related and

advocacy groups—is the subject of this report.

### CREATING BROAD BENEFITS

From the work of associations flow significant benefits to society. This public value springs largely from associations' tending to their members' collective self-interests; that is, as associations serve the members, benefits of wider value accrue. For example, through an association, successful practices in one hospital may be adopted in others, thereby raising hospital conditions overall. Such diffusion of technological innovation and information results in improvements that better serve patients and the public in general.

Were it not for associations, other institutions would face added burdens in the areas of product performance and

safety standards, continuing education, public information, professional standards, ethics, research and statistics, political education, and community service. The work of associations is woven throughout the fabric of American society, and the public has come to depend on the social and economic benefits that associations afford. These broad benefits are:

1. Associations educate their members on technical and scientific matters, business practices, and legal issues, thereby elevating the quality of publicly delivered goods and services. In many industries, professions, and causes, associations are the only source knowledgeable enough to provide continuing education.

2. Associations play a prominent role in setting professional, performance,

and safety standards, ethical canons, and other guidelines, all of which help reduce market-place risks consumers face.

3. Associations develop and disseminate valuable information that would be otherwise unavailable. It is used by policy makers, regulators, researchers, and consumer groups, among others, to enhance a broad understanding and analysis of the American economy.

4. Associations provide generic information to inform the public about the efficiency, qualities, and safety of products and services, thereby bolstering public confidence in the marketplace.

5. By offering strength in numbers and disseminating useful information, associations ensure representation of many private interests before government. This role is central to the successful

DAVID HATHCOX





*Estimates of the total number of U.S. associations reach well above 100,000. Their value to society is more than the billions of dollars they spend and the multitudes they employ. Their most significant impact is in the areas of education, product and safety standards, professional standards and codes of ethics, public information, research and statistics, political education, and community service.*

functioning of American democracy.

6. Associations nurture healthy political conditions within the country by exercising and supporting political choice. In so doing, associations offer opportunities for honing individual political skills and training leaders.

7. Through community service, associations call forth extraordinary amounts of volunteer labor. Associations mobilize and train these volunteer forces, thereby developing, giving expression to, and focusing public attention on the strength of the American spirit.

Most associations exist to serve their members. Trade associations, for example, represent a group of firms having a business or trade in common. Professional societies serve individuals who share a common

professional interest or background. Some associations, such as health-related or advocacy groups, represent an interest or point of view.

The various ways in which associations serve their members are far too numerous and diverse to catalogue here. However, member benefits may be broadly characterized: Associations collectively serve those interests of members which cannot be met effectively by individual action; associations communicate important events, findings, and trends in a business, profession, or cause; associations offer producers, including practitioners, a collective presence to buyers.

#### **SHARPENING THE FOCUS**

To sharpen the public's image of associations, the American Society of Association Executives (ASAE) determined the

need for an authoritative, independently conducted study that would examine the value of associations (economic and social) within our society. The hope was that, by illuminating the value of associations in America, people would clearly understand the vast impact of these nonprofit organizations on virtually every facet of life, from the large, health-oriented organizations down to one's local homeowners association and PTA.

To this end, ASAE commissioned the Hudson Institute, Indianapolis, Indiana, to design and conduct a survey of national associations in the United States. While the statistical findings and economic impact imparted in this report represent generalizations from only 5,500 national U.S. associations, these data nevertheless erect a sturdy

skeleton supporting the enormous body of activity and contributions of the hundreds of thousands of associations in the United States.<sup>2</sup>

#### **THE SURVEY**

The universe of surveyed associations was drawn from ASAE's listings of individual members and prospective members for whom adequate demographic data existed. The list comprised three major strata—trade associations, professional societies, and health-related or advocacy groups.

The final sample included 5,500 associations, each of which received a questionnaire mailed in February 1989 that sought data for the current budget year. Of these, 2,836 questionnaires were returned. Completed questionnaires of 505 associations were used in forming the

economic data and study, for a response rate approaching 20 percent. This response rate was sufficient to yield results at a high confidence level.

Additional information was obtained by Hudson Institute researchers through a review of the association literature and relevant scholarly material, discussions with approximately 50 association executives, and attendance at association executives' meetings.

The summary presented here highlights the areas of value stressed in the study. It does not include a discussion of the ways in which association activities can be imperfect; these are considered in the full report, along with the balance between value and detriment.



# ADVANCING SAFETY, HEALTH, AND QUALITY

**V**oluntary standards constitute perhaps the most significant area of standardization in this country. Associations make large contributions in setting, certifying, and meeting product standards that specify safety and performance requirements. Last year, for example, the association members surveyed spent an astonishing \$14.5 billion to meet these voluntary rules. A massive sum by anyone's standard, this figure suggests quite forcefully just how seriously the business and professional communities in this country take their responsibilities.

Product standards help protect consumers' safety and health and help ensure that products meet measurable requirements for performance and quality, thus advancing the quality and compatibility of goods.

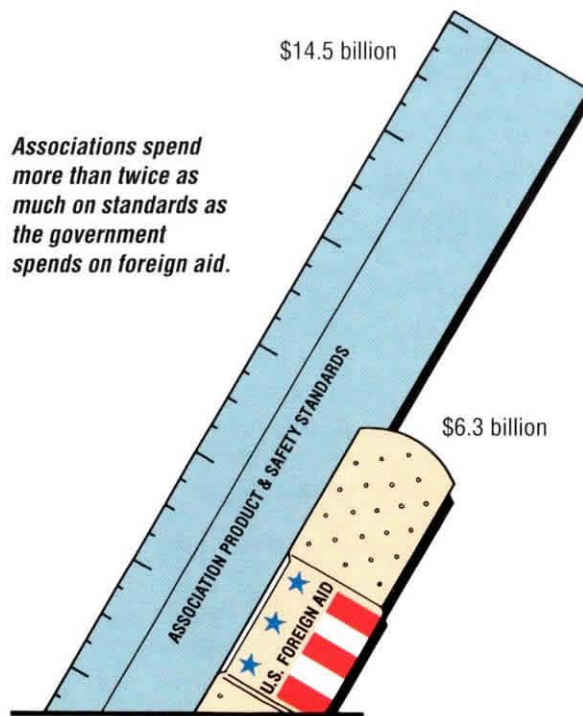
Standards also provide important information that would not be available in their absence. For example, due to the combined efforts of the American Society for Testing and Materials (ASTM), Philadelphia, and the Juvenile Product Manufacturers Association, Moorestown, New Jersey, consumers can now purchase babies' high chairs with confidence that the chairs have passed safety tests for strength, restraints, and sturdy assembly.

As another example, two huge associations are devoted exclusively to standards setting—ASTM and the American National Standards Institute, New York City. ASTM standards alone touch virtually every significant area of American industry.

Voluntary standards set under the auspices of associations are generally

to be preferred to government regulations because they are more flexible and adaptable; cost less; preserve the essential tie between the standard and the technical expertise on which it draws; and place the responsibility for adherence or nonadherence, success or failure where it belongs—with the producers and the consumers.

Voluntary standards also help ensure the compatibility and interchangeability of products and parts, allowing goods to be used efficiently and parts to be standardized across manufacturers.



*Associations spend more than twice as much on standards as the government spends on foreign aid.*



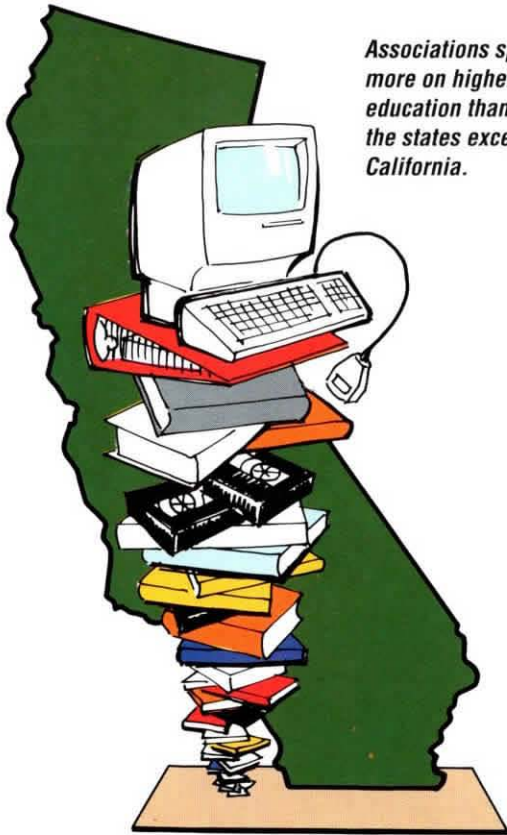
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*Building codes, aircraft maintenance standards, and bursting strength tests for packages are all part of the product and safety standards created by associations. Virtually all standards or guidelines for safe use of a product are born in associations — from the American Welding Society’s technical standards for acceptable welds to the American Red Cross’s requirements for the safe handling of blood products to the American Dental Association’s familiar seal of acceptance for products which have “been shown to be an effective decay-preventive dentifrice that can be of significant value . . . .”*



## EDUCATING WORKERS AND THE PUBLIC

*Associations spend more on higher education than all the states except California.*



**E**ducation constitutes perhaps the most important of all association activities. Indeed, the public's interest in the education of association members may be as great as the interests of the members themselves—for by improving members' performance, associations elevate the quality of products and services. Through educational offerings, associations translate general discoveries and principles into concrete practices in industries and professions, fill gaps in technical education, and provide instruction in management techniques.

These educational offerings run the gamut from general, theoretical courses to highly targeted instructional materials to widely disseminated public information. The American Academy of Facial Plastic and Recon-

structive Surgery, Washington, D.C., for example, offers nearly 200 videotaped courses ranging from special surgical facelift techniques to head and neck surgery. Many health-related organizations, such as the American Heart Association, headquartered in Dallas, Texas, and the American Cancer Society, headquartered in Atlanta, Georgia, concentrate almost exclusively on informing the public about specific health risks, disease prevention, and symptoms indicating the need for treatment.

Nearly 90 percent of the surveyed associations offer education programs and services to their members, and more than 71 percent disseminate public information. Association members spend nearly \$5.5 billion annually on educational offerings their associa-

tions organize, require, or facilitate. The members of the professional societies surveyed alone spent approximately \$3.1 billion for education in 1989. Of all the states in the nation, only California spent more than that to support higher education. Adding public education, the total association contribution to education approaches \$8.5 billion a year.

In a world undergoing extraordinarily rapid technological change, the need for continuing education is obvious. Associations meet a significant portion of that need as they strive to help their members learn vital techniques, skills, and knowledge necessary to successfully conduct their work as individuals and as members of an industry or profession.





DAVID HATHCOX

*Almost 90 percent of the associations surveyed offer education programs. In many industries and professions, associations offer the best — and in some cases, the only — form of continuing education and skill development. Seminars, workshops, conferences, trade shows, audio and videotapes, and interactive computer courses are among the many delivery systems for specialized education.*

*Education is the most important activity for many associations whether it's directed outward toward the public or directed inward toward an industry or profession. MATHCOUNTS, a national mathematical competition among junior high school students, developed and sponsored by the National Society of Professional Engineers (right), refocuses attention on the importance of math by encouraging achievement in this most essential subject.*



NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS

## AIDING EXEMPLARY CONDUCT

**P**rofessional standards — certification, accreditation, and licensing—address the entire scope of professional competence. Professional standards increase public trust. They assure citizens that the professionals they employ have reflected thoughtfully about their practices and ensure that professionals with

identical titles deliver roughly similar services.

Some professional societies, such as those representing medicine, the law, and accounting, grew up around the need to develop and enforce standards. Almost 24 percent of the surveyed professional societies set professional standards and 15 percent certify that these standards are met.

While the seed of professional expertise is sown in undergraduate and graduate training and state licensing procedures, associations fertilize and nurture the professions by encouraging the peer review process, by offering courses that meet legal requirements, and by issuing standards that often form the basis for disciplinary action.

Association codes of ethics also augment the public's trust and confidence in products

and their producers, particularly in the many areas where consumers lack sufficient knowledge to make fully informed purchasing decisions. Almost one-third of the associations surveyed earmark funds annually to set codes of ethics, with 17 percent making appropriations for enforcement.

These codes also identify harmful practices and broad positive motives, thereby enhancing consumers' trust in those who produce goods and render services. The practice of setting ethical codes establishes opportunities for deliberating on moral values, considering injunctions, reflecting on responsibilities, and focusing thoughts. And, by providing occasion for such reflection, codes of ethics are apt to affect members' behavior in other spheres of life.

*Codes of ethics are crucial to the very functioning of many professional societies such as those for doctors, dentists, attorneys, public relations practitioners, journalists, educators, and government officials. These professionals are bound by the canons contained within their association's bylaws.*



AUSTIN PLASTIC SURGERY FOUNDATION

PAT FISHER





*Two-thirds of all associations gather and analyze statistical data and conduct research. Many organizations rely on reports by associations as the most reliable data available. Other research often directly benefits an association's members such as that conducted by the Screen Printing Association International and its foundation (left) in its Fairfax, Virginia facility where it studies factors such as weatherability, safety and health, and color imagery of new inks.*

## UNEARTHING NEW DATA

**A**mong the most wide-ranging of association activities, conducting research and gathering and analyzing statistical information enable businesses and professions to function efficiently, offer information not available elsewhere,

and help identify new directions for social improvements. Nearly 65 percent of the associations surveyed gather statistics and facilitate or conduct research.

Many institutions, including the federal government, depend heavily on associations for their statistical information. Because these statistics embody key facts about profits and expenditures within an industry, they frequently govern intelli-

gent public and investment policy affecting that industry.

In addition, statistics enable businesses to compare their output, productivity, and costs. These figures help association members to manage their activities better because they provide benchmarks for comparisons and excellence leading to improved performance.

Research is central to the very mission and definition of the profes-

sions and health-related groups. Usually disseminated through a journal published by the association, research findings set important new directions and define the scope, standards, and trends within a field.

Association-sponsored research is conducted in all major areas receiving public attention, including the environment, product safety and efficacy, employment, and a huge array of social issues.

## NURTURING THE POLITICAL PROCESS

In one of the most surprising findings of the study, trade associations spend only about 10 percent of their total annual expenses on political education, professional societies less than 2 percent, and health-related or advocacy groups approximately 3 percent.

U.S. public policy always results, to some degree, from insistent private representation and requests. So that public policy broadly represents many interests, without any one dominating, the political interplay of associations is necessary to counter other interests before elected officials.

Associations also provide information to Congress and officials of the executive branch on the potential effects of legislative or regulatory proposals on members. Associations' political

efforts forcefully remind elected officials of their constituencies' wishes by providing an arena in which members mobilize and a forum in which they express their opinions.

The American Association of University Women, Washington, D.C., for example, is heavily involved in legislative efforts ranging from educating members in lobbying techniques to support of federal bills on child care, family leave, and pay equity. Due to the legislative work of the Florida chapter of the National Association of Social Workers, Tallahassee, the state enacted a law in 1982 to license mental health professionals and in 1987 created a state board to administer licensing of clinical social workers, marriage and family therapists, and mental health counsel-

ors. The Chemical Manufacturers Association, Washington, D.C., was deeply involved in the legislative and regulatory process leading to the current "Superfund," a federal law that equitably spreads among various industries the responsibilities for cleaning up hazardous wastes from hundreds of sites across the country.

Finally, the political activity of associations frequently serves as a training ground for members by developing the abilities necessary to participate on a wider political spectrum at national and local levels.



TOM KOCHIEL





*One of the fundamental functions of many associations is to provide a unified voice on legislation and regulations affecting a particular industry or profession. Lawmakers rely on associations for information and recognize that intelligent decisions involving complex issues require input from a variety of associations and cause-oriented groups. For many associations, political education consists not of influencing pending legislation, but of explaining new regulations and guidelines to their members. However, associations spend a small amount of their expenditures (less than 10 percent) on political education.*

## REACHING OUT TO OTHERS

**A**ssociations have been at the vanguard in the recent call for increased voluntary service.

Frequently, associations mobilize volunteers in areas of expertise tied closely to the trade, profession, or cause they represent by drawing on their members' special talents to meet social or economic needs. In recent years, for example, associations have united their members' talents to help alleviate hunger, educate the public about drug and alcohol abuse, promote literacy and other educational programs, find missing children, improve the condition of health care facilities, provide eye care to the poor, offer medical aid to the homeless, alleviate the anxiety and boredom of hospitalized children, offer fire safety education, aid tornado victims, and help reduce

a state budgetary deficit. All of these efforts were tied directly to the associations' and members' specific expertise.

The national service group, Kiwanis International, Indianapolis, recently concentrated its efforts on a public campaign to fight drug use. To disseminate its anti-drug message, the group used 500 prime time network airings of a public service announcement, a 14-week radio series, advertising in *Time*, *Newsweek*, and *Sports Illustrated*, and 5,500 billboards. The advertising alone was worth more than \$15 million.

The Grocery Manufacturers of America, Washington, D.C., has united its members with Second Harvest, a national network of food banks, to organize the donation of more than 100 million pounds of

food and groceries annually. This community service has multiplied Second Harvest's original distribution forty fold.

Other associations work to enhance the public good through efforts beyond their specialties. Examples include educating Americans about the importance of the Constitution, offering education in citizenship, helping Americans learn to vote by absentee ballot, providing retraining programs for workers displaced from declining industries, and giving support to battered and abused women and children.

These examples of community service set a ripple effect in motion by training public attention on the value of stewardship.



UNITED WAY OF AMERICA





UNITED WAY OF AMERICA

*The special ability of associations to mobilize their members as volunteers in service to communities across the country is being used to combat drug abuse, illiteracy, homelessness, crime, teen pregnancy, and many more of society's challenges. For example, the American Association of Advertising Agencies founded a program called Media Advertising Partnership for a Drug-Free America that features \$500 million worth of time annually for free TV and radio commercials as well as print ads. Associations and community service are a natural combination and are often paired as the first line of communication and organization after a disaster. Several associations are involved in local community food banks such as Second Harvest and other groups that accept unused food from conventions and meetings. Other associations actually run community service programs, such as the Medical Association of Atlanta, which operates a clinic for homeless people.*

# MOVING THE ECONOMY

## OVERALL ECONOMIC IMPACT

### OF SURVEYED ASSOCIATIONS

- \$ 14.5 billion on standard-setting
- \$ 9.7 billion to conduct operations\*
- \$ 5.3 billion on education and training
- \$ 3.3 billion worth of volunteer time
- \$ 15 billion in effects beyond direct expenditures

**\$ 48 billion**

\*Includes \$2.5 billion of education related costs, i.e., speaker fees, food, promotion.

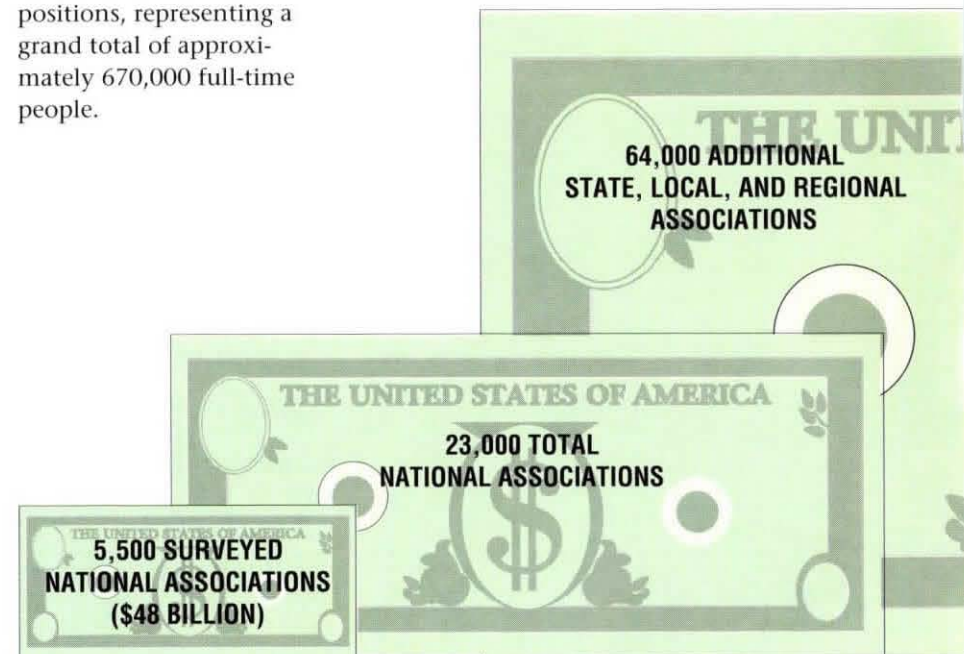
*The numbers presented in the report reflect only the survey's universe of associations which met a series of criteria, and have not been extrapolated to the full association community. Gales Encyclopedia of Associations lists 23,000 national associations, and an additional 64,000 associations at the state, local, and regional levels which includes all types of associations, but not their chapters.*

**A**ssociations command enormous financial and human resources. The associations surveyed spent almost \$48 billion directly or indirectly in 1989. Broken down, this figure represents

- almost \$9.7 billion in direct cash outlays to offer services and administer operations;
- \$3.3 billion worth of volunteer time (conservatively valued at \$10 per hour) proffered to conduct association activities, including community service;
- \$19.9 billion that members spent on education and training or on setting and meeting professional and product standards; and
- \$15 billion on multiplier effects in local communities.

The associations surveyed employ almost one-half million full-time equivalent employees, a

figure roughly equal to or greater than the employment rolls in such major U.S. industries as steel, office and computing equipment, communication equipment, or the airlines.<sup>3</sup> Adding volunteer hours, the surveyed associations are responsible for an additional 170,000 full-time positions, representing a grand total of approximately 670,000 full-time people.





# IMPROVING AMERICA

**B**y working for and through their members, associations produce positive synergistic effects on society. Association ethical and professional standards provide information that enhances consumers' trust in goods and services. Association product standards help improve the quality and interchangeability among products and parts. Association education and research improve techniques and augment knowledge. Associations' involvement in the political process helps to effect prudent public policy. Associations put tens of billions of dollars into the American economy every year. Associations help those in need through direct community service of immeasurable value.

In all of these examples, the responsible

collective interests of association members—in advancing their knowledge, improving their products, increasing their professional skills, and enhancing their legislative standing—provide benefits to the public.

With roots in ancient civilizations and ties to Old World guilds, associations today have evolved to occupy a unique place in America. The Puritan influence, America's geographic expanse, and her struggle for political freedom fostered independence and individualism within U.S. associations, tightly weaving them into the nation's social fabric and uniquely distinguishing them from associations of other nations.<sup>4</sup>

In 1830, French statesman and author Alexis de Tocqueville observed that "Americans of all ages, all stations of life, and all types of

dispositions are forever forming associations. There are not only commercial and industrial associations in which all take part, but others of a thousand different types—religious, moral, serious, futile, very general and very limited, immensely large and very minute."<sup>5</sup>

Reflects Lee VanBremen, CAE, executive vice president, College of American Pathologists, Northfield, Illinois,

*In de Tocqueville's eyes America was already a nation of associations by the early nineteenth century. We learned early on that by joining with others we could accomplish what we could not do by ourselves. Associations became a natural handmaiden to our individualism. Today associations confront and meet daily challenges to respond to members' needs, to protect members' interests while promoting the social good, and to preserve the idealism that is so vital to the progress of society.<sup>6</sup>*



JIM PICKERELL/CAMERIQUE

## NOTES

1. Hugh B. Vickery III, "It's the Press. There's a Crisis. What Now?" *Association Management* (March 1983): 47-51.
2. *The Encyclopedia of Associations 1990* (Detroit: Gale Research, 1989) lists approximately 90,000 associations. The Internal Revenue Service approximates the number of tax-exempt organizations in the United States at nearly 960,000; most of these are associations.
3. U.S. Bureau of the Census, *Statistical Abstract of the United States: 1989*, 109th ed. (Washington, D.C.: U.S. Government Printing Office, 1989), 399, 401.
4. Lee VanBremen, "The Theory of Associations," in *Attracting, Organizing, & Keeping Members*. Edited by Wilford A. Butler. (Washington, D.C.: American Society of Association Executives, 1989), 2.
5. Alexis de Tocqueville, *Democracy in America* (New York: Vintage Books, 1954), vol. 1.
6. VanBremen, *Attracting, Organizing, & Keeping Members*, 2.



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