

# Stakeholder management strategies of community-based human service agencies



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# The Research Question



- What strategies do community-based human service organizations, specifically neighborhood and community centers, select as they respond to economic and political pressures from external stakeholders? How do they manage the political and economic landscape in order for their agencies to remain viable?

# My interest in this question



- I was the Community Resources Coordinator with the city of Beloit, WI from 1994 to late 1998
- I oversaw the provision of health and social service programs in two at-risk neighborhoods
- Later was given the management of a community center
  - Program services: educational, health, recreational, provided by other organizations or by city
  - My responsibilities: funding, managing political opposition, engaging in public relations, serving as an advocate for the center and the surrounding neighborhood

# What I learned from managing a community center

center



- My position as Community Resources Coordinator was politically tenuous because of opposition from a few on the city council
- My funding bases were from public and private sources
- Thus, cultivating and maintaining stakeholder and political relationships were paramount

# The Study



- What strategies do community-based human service organizations, specifically neighborhood and community centers, select as they respond to economic and political pressures from external stakeholders? How do they manage the political and economic landscape in order for their agencies to remain viable?

# Study Limitations



- Small sample size: 7 agencies
- Community in which these agencies are located may not be representative of other communities with respect to size and available resources
- Field work: differential access to staff meetings. Not all agencies permitted me access to staff meetings where some discussion might occur regarding clients.
- Not all board presidents were interviewed; in lieu of that, I selected another board member to interview.

# Study Limitations



- Five staff members were interviewed at two agencies, but their responses regarding stakeholder contacts and stakeholder management strategies were limited, so I discontinued interviewing any more staff members. However, at least three people from each agency were interviewed.
- Categorization of responses at the tactical (as opposed to higher strategic) level occasionally were difficult to determine.

# Limitations



- Sampling limitations: Not all community centers in Midwest City agreed to be studied, so those studied were voluntary participants.
- Data analysis at the tactical level provided more nuanced rationales for strategies selected, but occasionally it was difficult to determine which tactical category should be used.



# Literature Review



- Human service stakeholders
- Economic pressures on organizations
- Political pressures on organizations
- Human service agency governance and management
- Community and neighborhood center literature

# Literature Review



- Not a lot of literature regarding community and neighborhood centers, other than some from the War on Poverty.
- This study is one of the few that seems to exist about these organizations

# Theoretical Underpinnings



- **Resource Dependence (Pfeffer and Salancik)**
  - Adaptation or avoidance
  - Merge or diversify
  - Enter into interorganizational relationships
  - Use of legal and social sanctions
- **Institutional Theory**
  - Understanding the basis of social meaning and stability (Scott)
  - Myths of institutional environments (Meyer and Rowan)
  - Rooted in conformity (Zucker)
  - External environment constrains the organization (Zucker)

# Stakeholder Perspective



- A stakeholder is any person or entity that can influence an organization (Freeman, 1984).
- This is a perspective, not a theory, but it has been widely accepted and researched in the organizational literature.

# Oliver's Typology



- Oliver examined the convergences and divergences between resource dependence and institutional theories, then developed a typology of strategic responses to institutional pressures which incorporated five broad strategies, and three more specific tactics under each strategy. These responses are arrayed in ascending order of the use of power.

# Oliver's Typology



- **Acquiesce**
  - Habit
  - Imitate
  - Compliance
  
- **Compromise**
  - Balance
  - Pacify
  - Bargain

# Oliver's Typology



- **Avoid**
  - Conceal, Buffer, Escape
- **Defy**
  - Dismiss, Challenge, Attack
- **Manipulate**
  - Co-opt
  - Influence
  - Control

# Methodology



- Qualitative research, case study that incorporated ethnographic methods
- Case studies ask “how” and “why”
- Sources: Seven community centers in Midwest City
- Observations and interviews
- Agency brochures, newspaper articles, IRS 990 forms, oral recollections of agency histories
- Census data



# Methodology



- Data analysis: template analysis, where coding categories are established prior to data analysis, with the understanding that codes can be revised based upon the analysis. Oliver's typology was used to establish the coding categories

# But, Interesting Finding



- Despite the size limitation, I discovered that these agencies ran the gamut from one or two that were very politically adept (both board and director) to one that had a poorly functioning board and new director, with the rest in the middle in terms of political acumen and skills.

# The Centers



- 3 are located within public housing projects
- 2 are located very near low income and/or public housing
- 1 is located in what has become a more commercial area, as well as student housing
- 1 is located in a funky neighborhood that encompasses both low income and more highly educated or those who appear to be “aging hippies”

# The Centers



- Most of the centers have a racially diverse clientele
- However, some centers tend to serve primarily African Americans, some South East Asians. One was focusing on the city's emerging Latinx population

# Center Programs



- All had youth and after school programs.
- Some held GED classes.
- Some held annual ethnic heritage festivals as fund raisers.
- Pantry and food programs.
- Head Start classes and pre-K.
- Fork lift training

# Center Directors and Boards



- Center directors had been in their positions for anywhere from one to forty years at the time of the study.
- Boards of directors ranged in size from six to fourteen members.
- Some boards chose members for their skill sets. One board president chose her golf partners to serve on the board.

# Findings: Why Agencies Gave Particular Responses



- **Acquiescence**
  - Compliance as good public relations
  - Compliance with legal regulations and institutional requirements:
    - ✦ public health regulations regarding food preparation and service
    - ✦ need to keep state licensure as child care facility
  - Compliance as a good will gesture
    - ✦ center in Latinx neighborhood hired a Hispanic instructor

# Findings: Why Agencies Gave Particular Responses



- Compliance with funders' expectations:
  - ✦ Align program proposal to United Way's broad goals and expectations
  
- Compliance with neighbors' and tenants' demands:
  - ✦ The beer garden as a fund raiser vs. center program tenant that was a sobriety high school
  
- I found few examples of habit and imitation



# Findings: Why Agencies Gave Particular Responses



- **Compromise: one of the most incorporated responses**
  - Balancing to meet funders' expectations and requirements:
    - ✦ United Way funds originally intended to be used only for the center's children. But a newly emerging problem area had a need for additional children's programs. Resolution was to merge the two groups into one and thereby satisfy both needs
  - Balancing contradictory interests:
    - ✦ Center rented an four unit apartment building across the street as additional youth space, but subleased the upper units to a day care provider who had also established a small church. Center staff expressed concern that if the day care provider decided to use the space for religious activities it could jeopardize the center's funding. Issue of rental income vs. potential loss of income.

# Findings: Why Agencies Gave Particular Responses



- Balancing as good public relations:
  - ✦ Center decided not to apply for a particular grant that year as the director said some competing agencies thought he had “gone to the well too often”.
  
- Pacification:
  - ✦ Director had to spend time smoothing over the irritation of a city council member who represented the center’s area, because the council member had not been notified when the center had applied for a city grant.

# Findings: Why Agencies Gave Particular Responses



- **Bargaining:** negotiating with the city to write for a NCLB grant and thus circumvent city regulations about the number of children served. Along with balancing, it was one of the two most used types of responses.
- One center applied for a NCLB grant. The city had urged the center to serve fewer children or else get a day care license. The center bargained with the city by not applying for the license, but then collaborating with a school next door that the NCLB grant would be used for 1<sup>st</sup> and 2<sup>nd</sup> graders on school premises, not at the center itself. The center would hire staff and customize the curriculum, but the school would provide snacks. The center would maintain control over the program but children would be served at the school.

# Findings: Why Agencies Gave Particular Responses



- Avoidance: no examples
  
- Defiance
  - Dismiss: no examples
  - Challenge: one director gave an example of what he had done at another job
  - Attack: no examples
  - Certainly I found examples of challenging and attacking comments in private, in staff or board meetings , but in the end they were not carried out in public

# Findings: Why Agencies Gave Particular Responses



- **Manipulation**

- Co-optation:

- ✦ placing a city council member on the board of directors, as well as local business leaders with contacts to funding sources

- Influence:

- ✦ spreading the word about the agency; talking up what one's agency does in positive terms.

# Findings: Why Agencies Gave Particular Responses



## ○ Influence:

- ✦ Use of political connections to obtain a HUD mortgage and thus prevent the city from assuming ownership of the housing complex and community center.
- ✦ Center director who attended city council meetings about a potential school closing for residents of her area.
- ✦ Expressing concern at city council meetings about proposed changes in city bus routes.

## ○ Control:

- ✦ Application of pressure to get what an agency wants. Board discussion of how to get city to approve a Ferris wheel for a major center fund raiser. Discussion of good cop-bad cop technique.

# Findings: Why Agencies Gave Particular Responses



- Collaboration: lots of examples by directors and staff
- Collaboration is an additional finding that along with acquiescence, compromise and lower levels of manipulation, may indicate an extension of Oliver's model and a particular application of the model to community-based human service agencies.

# Findings



- Recruit stakeholders and clients, although I now think this may be more of an organizational survival strategy that involves garnering more stakeholders and clients, and not a response to stakeholder requests.



# Additional Issues



- Some dilemmas were not resolved during the research period:
  - Whether or not to permit use of center for wedding receptions, etc. where alcohol would be served. Center's emphasis on wellness, liability issues, vs. need for money.
- Lack of response to stakeholder pressures: some might argue that not making a decision is making a decision

# Findings: Why Agencies Gave Particular Responses



- For more complicated issues, agencies often incorporated a variety of responses, such as bargaining, balancing, co-optation, use of influence. Some responses were nested within others.

# Findings



- The data provide support and more in-depth rationales for Oliver's typology
- Community-based human service organizations may display a unique configuration of responses to stakeholder pressures: Acquiescence, compromise, some manipulation plus collaboration (new). This may be an extension of Oliver's model

# Findings



- Agencies with executive directors who had been in that position for at least ten years; a board of directors of at least ten members, two-thirds of whom had been on the board for at least three years and who had been selected for specific skill sets or community contacts. These agencies seemed able to incorporate more assertive stakeholder management strategies than did agencies lacking one or more of these characteristics.

# Findings



- The data provide support and more in-depth rationales for Oliver's model of strategic responses.
- The data demonstrate that community-based human service agencies may display a distinctive configuration of responses to stakeholder pressures, thereby suggesting an extension of the model along with the addition of collaboration as a strategy.

# Findings



- The data point to some factors that may influence the range of strategies used by community-based human service agencies.

# Implications for Practice



- While this study did not explore the educational and professional backgrounds of the directors, they seemed to vary among teaching, youth work, and prior public or nonprofit management.
- Social work did not seem prominent among directors, although some staff expected to enter an MSW program.
- This may be a domain for MSW students to consider as a step into leadership positions.

# Implications for Practice



- Few center directors seemed to have regular contact with one another. A method whereby they could meet semi-regularly could provide mentoring for newer directors, as well as a forum to explore ways to influence funders and political leaders.
- What does this imply for newly established centers in emerging at-risk neighborhoods?
- Who can provide mentoring and support for agencies with small boards and/or frequent board member turnover?



# Implications for Policy



- Community-based human service organizations need to make regular outreach efforts to city and county funders, as well as the United Way. Political leaders who determine how CDBG are dispersed need to be apprised of the prevention role played by these agencies.
- Community-based human service organizations need to select and train board members to be strong advocates for the agencies.