

NPNGO Research Program: A Collective Action Perspective

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Abstract

While much has been written about the role of nonprofit, nongovernmental organizations (NPNGOs) in domestic and international politics, they remain an undertheorized form of collective action. Key questions such as why NPNGOs emerge and function, how they solve agency conflicts and ensure accountability, and conditions under which they influence politics have not been systematically examined. This paper presents a synthesized perspective on these issues by drawing on three dominant literatures that study NPNGOs, namely the political science approaches to NGO politics, the social movement literature in sociology, and the nonprofit literature in public management. We conclude that the NPNGO research program can be strengthened by an active engagement with the broader collective action literature, specifically the theories of firm.

Introduction

Although nonprofit, nongovernmental organizations (NPNGOs) are considered the bedrock of any democratic polity, they remain an undertheorized form of collective action.¹ While NPNGO scholars have studied cases where NPNGOs successfully influence public policy and fill gaps in service provision, they have not provided a framework to examine fundamental questions regarding NPNGOs emergence (why, where, and when), governance (agency and accountability) and efficacy. We believe this is because NPNGO scholars do not agree on a common set of questions and vocabularies. Even the definition of the actor they seek to study tends to vary: scholars employ a variety of terms including the third sector, non-profits, civil society organization, non-governmental organization, social movements, social movement organizations, transnational networks, transnational advocacy networks and so on (Vakil 1997). The theoretical confusion is accentuated by the proclivity to develop new (descriptive) approaches founded on the implicit claim that the actors they study are unique and the well established collective action approaches are inadequate to study them.

While the vocabularies differ, *all* NPNGO scholars study political actors that are different from: (1) governments because they cannot require (via the threat of legitimate coercion) that entities living in a particular territory follow their laws and rules (hence, non-governmental) and (2) firms because they do not distribute profits to their principals

¹ We do not subsume the social capital literature (Putnam 1993) under NGO politics because we are less interested in how social capital is created and deployed, and more interested in engaging with scholars who study how non-governmental actors directly influence public policy and provide collective goods and services.

or residual claimants (hence, non-profits). While recognizing that NPNGOs do distribute profits to their principals, we contend that NPNGOs have conceptual similarities with firms, another category of non-governmental actors. Why so? Individuals (as principals) work collectively via NPNGOs to pursue shared objectives in the same ways they (as shareholders) use firms to collectively pursue a common goal. Instead of lobbying to protect the environment unilaterally, individuals might believe that they should create or join an environmental NPNGO to do this collectively. Or, instead of agitating against sweatshops individually, individuals might want to join or support an organization that works on this issue. How do individuals arrive at this "make or buy" decision? Under what conditions do individuals outsource the articulation of their political demands to NPNGOs?

The study of the firm is instructive because individuals make analytically similar choices regarding the collective management of their economic activity. This suggests that instead of proposing new theories, NPNGO scholars should take a close look at the collective action perspective, especially the theory of firm. The collective action approach has three core features: (1) a view of institutions as bundles of contracts between (2) principals and agents whose interactions are governed by (3) hierarchical control rather than decentralized exchanges between anonymous agents (Moe 1984). Like firms, NPNGOs exhibit these core characteristics. Because firms and NPNGOs could be viewed as two key institutional mechanisms through which individuals participate in collective non-governmental endeavors, the "make or buy" decisions faced by individuals in the two contexts are likely to be similar. Accordingly, the institutional designs of firms and NPNGOs are likely to be influenced by similar set of factors.

Why should NPNGOs scholars not assert the uniqueness of their research program? What is the value added for them to join the collective action bandwagon? Simply put, by drawing insights from a more developed and generalizable literature, the NPNGO research program will be streamlined and coherently organized around key questions. This exchange is also likely to create payoffs for collective action scholars because their theories, which were developed in different contexts, will now be applied to (and consequently sharpened by) the study of a new category of actors.

Given this happy situation of mutual gains, our paper employs the collective action perspective to develop clearer theoretical understanding of what NPNGOs are, how they emerge and function, and how they influence local and global politics. To accomplish this task, we draw on three dominant strains of the NPNGO literature: the political science approaches to NPNGO politics, the social movement literature in sociology, and the public management literature on nonprofits. We compare these approaches with the collective action approach presented in theories of the firm. The paper explores how each body of scholarship addresses four core questions: what NPNGOs are, how they emerge, how they function, and how they impact politics. Among the three NPNGO literatures, we find that the public management literature most effectively conceptualizes NPNGOs as collective endeavors and most coherently identifies and investigates core questions about how they emerge, function, and affect outcomes.

What Are NPNGOs?

While political scientists, sociologists, and public management scholars implicitly agree that NPNGOs are institutions through which individuals come together to pursue shared goals, they disagree on how to classify them or their actions (Lewis and Wallace 2000; Vakil 1997) and on how to identify the core questions to systematically study them. In synthesizing various NPNGO literatures, this paper will highlight the contributions of the public management literature that political scientists and social movement scholars have neglected. We privilege the public management literature because these scholars employ a collective action approach and draw on theories of firms to understand how NPNGOs function and structure their internal organization.

Political science, sociology, and public management explanations each work with their own units of analysis. Political scientists, specifically international relations and comparative politics scholars, tend to define nongovernmental organizations (NGOs) by what they are *not* — non-governmental—and by their advocacy roles. They are interested in studying how NGOs influence public policy and, to some extent, business policy (Lipschutz 1992; Wapner 1995; Keck and Sikkink 1998; Florini 2000; Sell and Prakash 2004). Wapner's (1995) much cited piece makes the claim that there is an emergence of global civil society where politics takes place beyond the state. Scholars such as Keck and Sikkink (1998) also emphasize their non-profit character (along with the non-governmental one) by insisting that, unlike firms which pursue material goals, NPNGOs (or transnational advocacy networks as they describe them) pursue normative goals.

While acknowledging a role for individual social movement organizations, sociologists are most concerned with the broad groupings of organizations in social

movements and the political outcomes they enact (McAdam 1996). They tend to emphasize NPNNGOs' advocacy roles and how they create or leverage the political opportunity structures (POS) to influence public policy. In particular, sociologists study how power asymmetries and a lack of institutional access force the underdogs to organize collectively outside the formal political realm. According to Sydney Tarrow, one of the leading social movement scholars, social movements are:

[S]equences of contentious politics that are based on underlying social networks and resonant collective action frames, and which develop the capacity to maintain sustained challenges against power opponents. But all are part of the broader universe of contentious politics, which can emerge, on the one hand, from within institutions, and can expand, on the other, into revolution (Tarrow 1998: 2).

For Tarrow (1998, 2001), the critical element of social movements (unlike NGOs which engage in routine politics) is "contentious politics" in which social movements are repositories of knowledge of a society's particular histories of contentious politics, and "often [contentious collective action] is the only recourse that ordinary people possess against better-equipped opponents or powerful states" (Tarrow 1998: 3). While the normative underpinnings of the social movement research program are clearly defined, the boundaries of a social movement are not as clear. Indeed, social movement scholars partly define social movements by pointing to their main processes of: 1) mounting collective challenges; 2) drawing on social networks, common purposes, and cultural

frameworks; and 3) building solidarity through connective structures and collective identities to sustain collective action (Ibid. 4). Thus, social movements are described in such an encompassing way that it is often not clear what differentiates a social movement from a non-movement: Almost any kind of social action can be subsumed under the banner of a social movement.

Social movement scholars thus argue that contentious forms of collective action "are different than market relations, lobbying, or representative politics because they bring ordinary people into confrontation with opponents, elites, or authorities" (Ibid. 4). Nevertheless, as market and political mechanisms are always present in a social movement's origins, functions, and efficacy, these distinctions tend to create a false dichotomy. With loose definitions on one hand and false dichotomies on the other, sharply defined analytical questions that might form the core of a systematic social movement research program are difficult to identify. While political scientists have a tendency to differentiate far too much between different types of NPNGOs and not sufficiently acknowledge that NPNGOs share many similarities not only with one another but also with other forms of collective action, sociologists tend to adopt a rather expansive and elastic definition of social movements and the individual component organizations.

Unlike the dominant political science and sociological approaches, public management scholars focus on how NPNGOs (or non-profits as they term them) evolve, structure their operations, and they play a role in the provision of private, as well as public, goods and services. While first generation scholarship suggested that non-profits emerge in response to government and market failures (Weisbrod 1991), recent

scholarship acknowledges that non-profits coexist with governments and firms in the same sector. Citizens can obtain collective and private goods by paying taxes for government supplied public goods, paying voluntarily for private goods supplied by firms, and paying voluntarily or providing other forms of non-market financial support to non-profits for public and private goods. In public management scholarship, non-profits are not necessarily institution replacing; rather, they are choice enhancing and increase the heterogeneity of suppliers. Although public management scholars are most interested in studying non-profits, they recognize that all institutions (including markets and firms) have strengths and weaknesses. Instead of looking at only successful cases as political scientists often do, they study the conditions under which non-profits (in relation to firms and government agencies) may or may not become the preferred mode of service delivery.

While insisting that the core feature of non-profit organizations is the non-distributional constraint (profits might be earned but cannot be distributed to principals), public management scholars have gone beyond the public-private dichotomy in which governments supply public goods and profit-seeking firms supply private goods. By doing so, they have resurrected the question of whether governments should be the sole suppliers of collective goods. As argued by Ostrom and Ostrom (1977), there is a conceptual difference between the provision and the production functions of the government. While governments may continue to be the most efficient institution to provide or pay for public goods (via taxes), there is no justification why they should be a monopoly producer. If other actors, be they for-profit firms or non-profit organizations, can efficiently produce a given good, then governments and citizens may be better served

by outsourcing the production to them. Public management scholars also recognize that market imperatives lead to institutional mimicry and the diffusion of best practices among non-profits, and from governments and firms to non-profits. Consequently, non-profits might resemble for-profits in their organizational practices and structures—and several scholars are concerned about the broader implications of this trend (Smith and Lipsky 1995). In sum, public management scholars, unlike political scientists and sociologists, view NPNNGOs as institutions that might, in addition to competing with, complement firms and governments, and they acknowledge the possibility that a variety of institutions might be operating in the same industry or issue area. In contrast, emphasizing contentious advocacy against the state or firms, political scientists and sociologists ignore cooperation and complementarities between firms, governments, and NPNNGOs.

To summarize, scholars studying broadly the same phenomenon are employing different vocabularies and emphasizing different issues. It is not surprising that the NPNNGO research program is fragmented and lacks core theoretical questions around which a systematic cross-disciplinary inquiry could be organized. This lack of coherence coupled with the insistence that NPNNGOs are somehow different from other collective endeavors, has discouraged scholars from comparing and contrasting NPNNGOs with other forms of collective action. The analytical uniqueness of NPNNGOs is overemphasized and the analytical similarities between NPNNGOs and firms tend to be glossed over, if not entirely denied (as in Keck and Sikkink 1998). This is unfortunate because the collective action perspective, especially the theory of the firm, is quite sophisticated and could offer valuable insights for the study of NPNNGO politics.

Institutional Emergence

Collective action is the study of conditions under which individuals cooperate (or do not cooperate) to pursue common goals. Why do such collective endeavors emerge? Actors pursue collective action because they believe that certain goals can be achieved more efficiently by pooling resources with like-minded actors. Because cooperation may not always be voluntary, power and coercion influence the demand and supply of collective action (Knight 1992; Moe 2005). Most collective action scholars, however, focus on voluntary collective action whereby actors are motivated to seek benefits that are unlikely to be captured via unilateral action.

Organizing collective action is not as easy as basic constructs such as the prisoner's dilemma demonstrate. Since Olson's (1965) seminal work, it is well recognized that free riding, among other things, impedes the supply of collective action. Actors want to reap the benefit of collective action without bearing the costs. Theories of firm provide perhaps the clearest exposition of the challenges in organizing collective action. Just as the state arguably evolved to provide public goods (that are non-rival and non-excludable), firms evolved to economize on transaction costs associated with decentralized market exchanges of private goods. As an institutional response to market failures, the firm replaces decentralized, anonymous market exchanges with structured, hierarchical exchanges. With Coase's (1937) departure from mainstream neoclassical economics, scholars began to differentiate firms from markets and to view them as central nodes in a nexus of contracts (Alchian and Demsetz 1972). The firm is

an interesting case for the study of institutional emergence and evolution because it exemplifies conscious and voluntary decisions by actors regarding the rule structures to collectively organize economic activity. Moreover, theories of the firm have provided valuable insights to understand principal-agency issues (Berle and Means, 1932) in hierarchies and the institutional arrangements that might mitigate them. As we discuss later, a similar logic could be extended to the study of NPNGOs.

While Coase introduced the notion of transaction cost, Williamson (1975, 1986) provided a better specification regarding why firms (as hierarchies) arise. He linked the emergence of transaction costs in decentralized exchanges to asset specificity, bounded rationality, and opportunism. The "make or buy" decision was contingent on the levels of specificity entailed in a transaction: the higher the asset specificity, the higher is the likelihood that the transaction would be undertaken internally within the firm's hierarchy. Williamson's logic provides a falsifiable hypothesis to predict the boundary of any firm and why the make-buy decisions vary across firms and industries. Scholars have used this logic to study the membership in business alliances and networks (Dyer 1996). More recent scholarship has extended this argument to the study of government procurement (Brown and Potoski 2003). Again, the same logic can be extended to the study of NPNGOs' organizational structures and the boundaries of NPNGO networks across issue areas.

The skeptical reader might say that we are advocating the study of apples based on a study of oranges: firms and NPNGOs are so distinct that little can be gained by viewing them through a common theoretical framework. Keck and Sikkink (1998) assert

that NPNNGOs (or transnational advocacy networks as they term them) are not like firms that pursue instrumental objectives. They note:

World politics at the end of the twentieth century involves, alongside states, many nonstate actors that interact with each other. These interactions are structured in terms of networks. Some involve economic actors and firms. Others are networks of activists, distinguishable largely by the centrality of principled beliefs or values in motivating their formations. We will call these transnational advocacy networks (Keck and Sikkink 1998:1).

The key distinction between transnational networks and firms, Keck and Sikkink argue, is that the emergence of advocacy networks is "motivated by values rather than by material concerns" (Ibid.: 2). Sell and Prakash (2004) point out, however, that this distinction is not persuasive because instrumental concerns also shape NPNNGO strategies and objectives. Indeed, labor unions, which Keck and Sikkink (1998: 9) identify as actors in advocacy networks, often arise explicitly for the pursuit of material goals.

Political scientists and social movement scholars might counter that, although some NPNNGOs emerge to pursue instrumental objectives, these objectives translate into policies that create predominantly non-excludable benefits. Firms, in contrast, pursue

² Political sociologists such as Hechter (1987) are more sensitive to the possibility that actors form or join groups in order to consume various excludable jointly produced goods and that the survival of a group depends on continuous production of such goods, but

policies that benefit their shareholders only. While NPNGOs do not distribute profits to their principals, even if they generate them, they do serve well-defined constituencies and create excludable benefits for them. Labor unions, for example, agitate for excludable benefits for their members by opposing imports, outsourcing, and/or the use of non-union labor. Even the NPNGOs that do not explicitly pursue material goals have well-defined constituencies that reap excludable benefits. The National Association for the Advancement of Colored People, the American Association for Retired People, and the National Rifle Association are useful examples in this regard.

A variant of the above argument might be that, while NPNGOs pursue instrumental objectives on behalf of their core constituencies, the interests of these constituencies cohere with that of the larger public. Consequently, the benefits pursued by NPNGOs on behalf of their principals are encompassing and can be reaped by actors that are not directly associated with the NPNGOs. If environmental groups agitate to clean up the environment, everybody benefits from clean air and water. In contrast, the profits that firms generate are reaped by only a small number of shareholders. Sell and Prakash (2004) contest this argument as well. They point out that the distribution of firms' profits is now widespread and not an exclusive benefit for a small number of shareholders. Directly or indirectly through mutual funds and Individual Retirement Accounts about 50 percent of American households have voluntarily invested in the stock market (Wolff 2001). If so, profits generated by firms tend to benefit a very large proportion of the population. The upshot of this discussion is that the analytical such explanations do not adequately address the question of the formation and maintenance of solidarity in these groups.

similarities between firms and NPNGOs are significant and the study of NPNGOs can greatly benefit from deploying the insights generated in the study of the firm.

How might the theories of firm enlighten the study of NPNGOs? Specifically, how might the public management scholarship, which is heavily influenced by the collective action approach of the theory of the firm, help us to systematically study NPNGOs? Unlike their public management counterparts, political scientists and sociologists have not identified conditions under which NPNGOs arise and why different numbers and sizes populate different industries/sectors. Early scholarship on nonprofit organizations argued that NPNGOs arise due to market or government failure (Weisbrod 1991). Information asymmetries between the buyer and the seller lead to market failures. If consumers cannot accurately assess the good's attributes, they may not be willing to buy the product. Thus, mutual gains between the buyer and the seller cannot be realized. Hansmann (1987) suggests that trust in and the reputation of the seller may mitigate information asymmetries. As "trustworthy" actors, NPNGOs step in.

Why are NPNGOs trustworthy? Historically, governments were viewed as the trustworthy actors to correct market failures (Pigou 1960[1920]). Weisbrod added non-profits to this list of trustworthy institutions. With two trustworthy suppliers—governments and non-profits—is it possible to predict ex ante which institutional form will dominate? To accomplish this, Weisbrod introduced demand side into the equation by focusing on heterogeneity in demand. If consumers want goods with the same attributes (homogeneous demand), governments will be most efficient at supplying the good because they can tap into economies of scale. However, constrained by political

and administrative processes, governments may find it difficult to supply a range of goods to match the varying preferences of the citizens.

If governments cannot efficiently accommodate preference heterogeneity, citizens might try to pressure them via exit, voice, or loyalty (Hirschman 1970). In addition citizens may look for other vendors. Because information asymmetries discourage recourse to the private supply, citizens establish or join non-profits. This is the simple story of the emergence of non-profits. In effect, NPNGOs emerge to fill service or advocacy gaps that the public and private sectors miss. Indeed, public management scholars point to an inverse relationship between trust in the government and NPNGO formation and participation. In this view, higher numbers of NPNGOs emerge when trust in government is low (Brooks and Lewis 2001) or when dissatisfaction with the quality or quantity of public or private services is high (Douglas 1987).

Additional questions remain. Why should citizens believe that the NPNGOs are trustworthy and will not supply goods of poor quality? After all, information asymmetries between consumers and suppliers also prevail in the case of NPNGOs. Why would NPNGOs not exploit such asymmetries? Both Weisbrod and Hansmann suggest consumers trust NPNGOs because the non-profit entrepreneur is prohibited from distributing profits (or the residual) to the principals who exercise control over the organization—the assumption being that the pursuit of profits leads to exploitative behavior. While non-profits may resemble market actors in several organizational attributes, they are different because they do not have residual or profit claimants. If profits are generated (think of non-profit hospitals), they will be used only to finance future services or provision of goods to non-principals.

While the above argument is interesting, one should be careful not to equate the pursuit of profit with a lack of trustworthiness. While non-profits are prevented from distributing profits to their members, NPNGO managers may still skim off the residual via high salaries and perquisites, luxury travel, conferences in exotic places, etc. There is no conceptual basis to assert that managerial abuses (agency conflicts) will be less muted in non-profits in relation to for-profit corporations. One plausible argument might be that the cadre of people joining NPNGOs is intrinsically more "moral" than the ones working for firms. We have found no research that can support such a sweeping claim. Agency conflicts are pervasive in any collective endeavor: from shocking accounting irregularities in Enron and WorldCom to widespread molestation in the Catholic Church, mafia presence in major unions, and corruption in prominent charity organizations. We address NPNGO agency problems and mechanisms of accountability in more detail below.

In sum, we believe that political scientists and sociologists have not systematically examined conditions under which individuals pursue goals via NPNGOs instead of unilateral action. NPNGOs represent the collective efforts of individuals who, faced with government or market failure, are unhappy with public policy but do not or cannot leave the jurisdiction, and believe that, through individual action alone, they are unlikely to influence public policy. To explore this idea further, NPNGO scholars could examine: (1) whether dissatisfaction or distrust with the government is associated with higher numbers of NPNGOs and (2) whether higher levels of preference heterogeneity are associated with higher numbers or wider ranges of NPNGOs involved in advocacy and service delivery in a given issue area.

The above discussion might satisfy public management scholars but would leave the theory of firm scholars unhappy, for we have not examined the issue of agency conflicts and collective action. We address these issues in the next section.

NPNGO Functions

To understand how NPNGOs mitigate agency conflicts, this section examines how they acquire resources, how they structure their internal organization, and how they enforce accountability. While political scientists and sociologists have developed a sophisticated understanding of organizational strategies, their models shed less light regarding organizational structures, resource acquisition, and agency problems—issues that public management scholarship and theories of the firm address more explicitly.

Organizational Strategies

Explanations for organizational strategies are among the most advanced topics in the NGO politics literature and social movement scholarship. Keck and Sikkink's (1998) model of transnational advocacy networks (TANs) develops an understanding of the "boomerang effect" to identify how domestic groups draw on international linkages to mobilize external pressure for changing their state's domestic policies. While Keck and Sikkink emphasize the strategy to seek international assistance, they do not address how these different TAN networks are created and structured, how resources affect the ability to sustain their various efforts, or what principal-agent problems arise when foreign assistance is introduced into domestic politics. They also leave unexplored the extent to which domestic groups modify their agendas to fit with the global agenda of international

NGOs and how this change affects their ability to mobilize domestic constituencies. As research on "resource curse" (Ross 2001) and foreign aid (Remmer 2004) suggests, governments that do not rely on citizens for taxes, become less responsive to them. Would this argument hold for TANs as well?

Likewise, the social movement literature examines how social movement organizations make strategic use of political opportunity structures (POS)—the degree to which groups are likely to gain access to power and to manipulate the political system, to accomplish their goals (McAdam, McCarthy, and Zald 1996). Political opportunities are measured in terms of: (1) the relative openness of the institutionalized political system, (2) the stability of elite alignments that typically undergird a polity, (3) the presence of elite allies, and (4) the state's capacity and propensity for repression (McAdam 1996: 27). While the POS concept is used quite loosely (della Porta 1996), it has been employed to identify the conditions that facilitate the emergence of NPNNGOs and the strategies they employ in different contexts. Indeed, while the POS model has been primarily derived from cases in the West, the concept seems also to resonate in situations of ongoing political transitions in other parts of the world, where the collapse of old regimes initiates a dramatic break with past political practices and opens new possibilities for societal actors to manipulate the political system. However, the POS approach offers little explanation for NPNNGO resource mobilization and agency problems. The implicit assumption is that, if a political opportunity arises, material and organizational resources will emerge and agency problems vanish, if they were present at all.

Focusing on contentious politics, political science and social movement scholars view NPNNGOs as representatives of new issue demands and political values that are in

conflict with the status quo (Rohrschneider and Dalton 2002; Dalton, Recchia, and Rohrschneider 2003). The desire to influence policy means that NPNGOs must choose between the tactics of protesting the political status quo or working within conventional channels to implement new policies. By and large, political science and social movement research expects NPNGOs and social movements to be loosely structured and to engage in "alternative" action repertoires, especially protest activities (Lipsky 1968; McAdam 1997). Unconventional action, it is argued, draws attention to NPNGOs' causes that would not occur through normal political processes. Again, no discussion of resources or potential agency problems.

Another body of NGO politics and social movement research, however, has found that NPNGOs take on more conventional organizational strategies in order to engage in mainstream policy debates with governments or firms (Dalton 1994; Rootes 1999; Dalton, Recchia, and Rohrschneider 2003). This part of the NGO politics and social movement literatures maintains that successful NPNGOs "adopt strategies that promote their causes—whether this is through protest or conventional lobbying activities" (Dalton et al 2003: 744). For example, Skocpol, Ganz, and Munson (2000) suggest that in an environment of high uncertainty, isomorphism prevails: NPNGOs follow the model of the most "successful" organization, the state or central government. They show that U.S.-based NGOs are becoming increasingly Washington-focused and rely less and less on grassroots connections, activism, and alternative protest activities.

Chandler's (1962) foundational work on business firms showed that organizational structures follow organizational strategies. Analogously, for organizational survival, NPNGOs can be expected to carefully strategize about the issues they want to

agitate for, tactics they wish to employ, and the organizational structures to achieve these goals. If they cannot effectively pursue a policy goal alone, they might decide to create or join networks or alliances and pool resources with like-minded NPNNGOs. Even working in networks with like-minded actors, however, NPNNGO activists are unlikely to be oblivious to the imperatives of organizational survival. Cooperation and competition will go hand in hand. NPNNGOs will seek to protect their interests, especially to take credit if their efforts succeed; after all, publicity is the oxygen for organizational survival. Furthermore, if membership in a network compels them to invest resources that are not fungible (say, resources that cannot be transferred from one advocacy campaign to another), they might be wary of committing such resources lest a competing NPNNGO assume a leadership position and corner the fame and publicity. Faced with asset specificity, the NPNNGO supplying resources would be less able to reallocate resources toward ends that better serve the organizational objectives. It follows that for NPNNGO networks to function smoothly and not be consumed by internal bickering, internal rules are required to match investments and benefits for each network member. Credible leaders who have the reputation for playing fair and not exploiting individual members for their self-promotion might also help. As this suggestion implies, employing insights from the theories of firms can generate falsifiable hypotheses that carefully investigate NPNNGOs' strategies.

Can organizational structure explain organizational strategy? Unlike their political science counterparts, social movement theorists have paid considerable attention to "organizational infrastructures" or the forms that organizations take (McCarthy 1995). Mobilizing structures are viewed as the formal and informal forms of organization

available to social movement activists. In the most general sense, these are "agreed upon ways of engaging in collective action which include particular 'tactical repertoires,' particular 'social movement organizational' forms, and 'modular social movement repertoires'" (Ibid. 141). McCarthy sets out a 2x2 classification of organizational forms that fall on a continuum of informal versus formal and movement versus nonmovement organizational structures. This schema begins to describe the "wide variety of social sites within people's daily rounds where informal and less formal ties between people can serve as solidarity and communication facilitating structures when and if they choose to go into dissent together" (Ibid. 143), but the two dimensions do not adequately explain the political strategies and orientations that cohere with this wide variety of organizational structures. Indeed, McCarthy's classification system dismisses the political and movement orientations of a surprising range of organizations. For example, might not neighborhood watch groups be considered a recent type of social movement with political consequences (and arising out of state and market failure)? Likewise, the ability of churches or other religious structures to mobilize voters seems evident in communities around the globe. While descriptive classifications of NPNGO structures are useful, they are less helpful to systematically examine the link between structure and strategy, and eventually, between strategy and outcome.

In sum, the boomerang effect and political opportunity structure offer important starting points for exploring NPNGO strategies and structures. Nevertheless, these approaches overlook critical aspects of organizational dynamics that public management scholars and scholars of the firm address. Political science and social movement scholarship assumes that people will come together and somehow manage to coordinate

and sustain collective action without implicit or explicit structures or organizational rules. By ignoring how NPNGOs organize themselves, these literatures ignore where these structures come from, how they influence resource acquisition and agency issues, and how they eventually impact organizational outcomes or efficacy.

Public management scholars suggest that governance structures, staffing policies, the regulatory environment, and the range of products supplied by the NPNGO influence the organizational structure. As NPNGOs have become more prominent social actors, their organizational structures and staffs have likewise become more professionalized. Rather than a loose set of procedures draped around elite networks (Hall 1982), NPNGOs increasingly resemble formal bureaucracies or "multiproduct firms" geared toward producing goods that are sometimes external to their formal missions (DiMaggio and Anheier 1990; Young 1998; Goddeeris and Weisbrod 1998). The regulatory environment also influences the organizational structures of NPNGOs (Hansmann 1987).

Unlike service-delivery NPNGOs where the market and regulatory environment significantly influence organizational strategy and structure, in advocacy-based NPNGOs we suspect the relative power of the principals and the patrons (assuming they do not completely overlap) will critically influence organizational structure and strategy. While principals (members) influence NPNGOs through voice (the exercise of their voting power) and exit, patrons (donors) often provide crucial revenues to sustain the NPNGO. Ben-Ner (1986) suggests that patron power shapes organizational structures and strategies. Focusing on coalition formation among patrons, he expects high-demand patrons to dominate the NPNGO and to set prices and output parameters that maximize their own welfare, and even to exploit other patrons to the extent permitted by

competition. In contrast, Hansmann (1987) offers a model to illustrate the way in which principals (members) influence the structure (the size, fees, and membership characteristics) of individual organizations. Assuming limited economies of scale (in terms of membership size) in the operation of NPNNGOs, and assuming that a given organization must charge all its members the same fee, free formation of NPNNGOs in this model results in a system of member-controlled organizations that are usually smaller than the size that minimizes average cost per member. Thus organizational strategy, structure, and size are limited by donative memberships. Hansmann's model of the structure of NPNNGOs has obvious parallels with Olson's logic of collective action: relatively small groups can form viable organizations for providing collective goods because mitigation of free riding via monitoring is easier in small groups.

The following discussion further elaborates on the parallels between firm and NPNNGO strategies and structures. In any issue area (or industry), one can find several NPNNGOs advocating similar policies. Why should Citizen A support NPNNGO X over NPNNGO Y? And knowing that members have a choice, how would NPNNGOs respond to make themselves more attractive to potential members? Let us examine how firms respond to such situations. In industries with undifferentiated products (generic pharmaceuticals or gasoline distribution), firms expect consumers to prioritize price over other product attributes; hence they seek to be cost leaders. If a firm does not want to play the price game, it seeks to differentiate its product, often via advertising and marketing to artificially set apart its products. In doing so, the firm hopes that consumers will not benchmark its products against the lower priced competitors.

We expect NPNGOs to behave similarly. While the price game may make less sense in the NPNGO context, the differentiation game is important. NPNGOs are likely to differentiate themselves either via their "products" or via the strategies employed to supply these products. For example, Rainforest Network supplies a differentiated product, advocacy for rainforests (not the generic product of environmental protection), while Trouts Unlimited supplies another differentiated product, advocacy to protect trouts. By doing so, these NPNGOs segment the market for environmental protection and seek to capitalize on their market niche. If citizen A cares about environmental protection in general but trouts in particular, s/he may want to send his/her dollars to Trouts Unlimited, rather than to Rainforest Network. Thus, competition leads NPNGOs to exploit preference heterogeneities among potential members and donors. As a result, instead of preference heterogeneities leading to the emergence of NPNGOs, NPNGOs as strategic and instrumental actors are likely to create and exploit preference heterogeneities.

Some firms differentiate themselves not so much by the product they offer but by the processes in which they supply it. Dolphin-safe tuna may taste no different from the regular tuna in a blind taste test, yet consumers may want to pay a premium for the former because they support the fishing process firms have adopted. Analogously, NPNGOs may differentiate themselves not so much by the product they offer but by the processes through which they supply it. While supplying the generic product of environmental protection, Greenpeace differentiates itself via its aggressive advocacy tactics, while the Natural Resource Defense Council's distinctiveness lies in legal advocacy skills. Thus, NPNGOs may differentiate themselves on the bases of their "core

competencies," which determines the manner in which their outputs are supplied (Hamel and Prahalad 1990).

If such competencies enable NPNNGOs to differentiate themselves and generate political and economic advantages, they are likely to protect them from their competitors. If legitimacy and perceptions about their expertise (Wapner 2002) are the key competencies which enable NPNNGOs to acquire resources, then for organizational survival, they can be expected to adopt strategies that will enhance the perceptions about their legitimacy and expertise, and be wary of sharing their expertise with their competitors.

Resources

Political scientists and sociologists have not paid much attention to how NPNNGOs acquire material resources to sustain their activities. Implicitly, they suggest that non-material, value-oriented motivations suffice to sustain collective action. While early social movement scholars acknowledged that the quantity and type of resources affect organizations' strategies and structures (Gamson 1975; McCarthy and Zald 1977), subsequent work has dismissed the resource mobilization theory in favor of issues of political opportunity structures, framing, and organizational infrastructures (McAdam, McCarthy, and Zald 1996). In doing so, these scholars ignore how the processes of resource mobilization may move NPNNGOs away from their stated objectives and normative orientations. After all, resource mobilization might lead to agency conflicts by making an NPNNGO less responsive to the objectives of its members and/or

constituencies, the presumed principals, and more attentive to the requirements of the donors.

Recent scholarship has begun to acknowledge this important omission. These scholars examine how attempts to reconcile material pressures and normative motivations produce outcomes dramatically at odds with the expectations of the NPNGO politics literature (Cooley and Ron 2002; Henderson 2002). The alleged value-orientations and "good" intentions of NPNGOs neither necessarily lead to desired policy outcomes nor induce cooperation among NPNGOs that arguably have similar normative motivations. This situation, of course, raises a host of new questions. If competition is an attribute of selfish actors seeking private gains, cooperation should not be a problem among non-selfish, principled actors seeking public goods or private goods with widespread positive externalities. Why then do we see varying levels of cooperation among NPNGOs working in the same area? Worse still, why do we see the presumably non-selfish, principled actors competing for materials resources, similar to profit seeking firms competing for market share?

The revisionists go only half way in recognizing that because NPNGOs are conceptually similar to firms, they can be expected compete like firms for resources. From the NPNGO perspective, membership and foundation dollars tend to acquire the characteristics of rival goods—if I have them, you don't. However, these revisionist scholars continue to blame the environment in which NPNGOs function for inducing firm-like behaviors. Why so? Organizational survival is an integral objective of any organization, including NPNGOs. After all, salaries have to be paid, research must be done, and placards and banners for the protests supplied. And, while it is likely to vary

across NPNGOs, external funders provide a significant percentage of resources for these tasks. The revisionists blame the NPNGOs' "perverse" resemblance to firms on the increased marketization through contracts between donors and NPNGOs and between NPNGOs and their constituencies. This environment creates conditions for NPNGOs to compete with one another and prioritize resource acquisition over their real goals, including faithfully working toward principals' (members') goals.

Indeed NPNGOs have begun to look and behave like firms, facing similar constraints regarding resource mobilization, organizational dynamics, and competition from other NPNGOs for market share (Henderson 2002). Exploring the relationship between foreign aid and the development of civil society organizations in post-Soviet Russia, Sarah Henderson (2002: 159) argues, "[g]roups...are not necessarily willing to share their grant ideas for fear that it would jeopardize their own funding possibilities." Furthermore, competition for funding can cause groups to actually become smaller in size, rather than larger, because grants provide an incentive for members of the group to leave, form their own organizations, and apply for grants so they can set up their own separate relationships with funders without having to share the grant money with others in the group (Sperling 1998 cited in Henderson 2002: 160). Cooley and Ron (2002: 6) emphasize that the increasing marketization of NPNGO activities, as demonstrated by the use of competitive tenders and renewable contracting, "generates incentives that produce dysfunctional outcomes":

When an organization's survival depends on making strategic choices in a market environment characterized by uncertainty, its interests will be shaped, often unintentionally, by material incentives.... The more that

nonprofit groups attempt to secure and maintain contracts under market-generated pressures, the more they will copy the structure, interests, and procedures of their for-profit counterparts" (Ibid. 13).

Let us assume that the competitive environment is indeed at fault. Imagine a perfect world in which there was a monopolist NPNGO in every sector and donors did not invite several NPNGOs to apply for funds. If revisionists are correct, NPNGOs would not compete and would stick to their principals and their missions. It follows therefore, and somewhat ironically, that the democracy and pluralism championed by NPNGOs actually undermines the normative basis of their existence.

Public management scholars have also explored the impact of material resources on organizational origins, structures and functions, and efficacy. They find that sources of funding, be they private donations, corporate activities, or government contracts, are important determinants of the emergence, orientations, and effectiveness of NPNGOs, and nonprofit organizations must make calculated decisions about what types of resources they pursue. For example, O'Regan and Oster (2002) find that government contracts significantly alter the types of individuals recruited for and activities performed by NPNGO boards of directors.

Public management literature also recognizes that limited access to resources shapes organizational strategies. Access to capital by nonprofit organizations is limited to membership subscriptions, donations, and retained earnings. The mechanism on which for-profit firms rely—raising funds from investors—is not available to nonprofit organizations (Ben-Ner 2004; Steinberg 2005). Indeed, even fundraising activities that lead them to prioritize donors over members might cause an NPNGO "to divert activities

from its mission" (Weisbrod 1998: 55). Further, in order to overcome these fundraising problems, NPNGOs in several sectors have begun to experiment with commercial activities to supplement their access to resources. These forays pit them against for-profits and often times lead them to mimic for-profits in terms of their organizational strategy and structure. Thus, the uniqueness of NPNGOs is severely eroded.

Agency Conflicts

Agency conflicts are pervasive in collective endeavors (Berle and Means 1932). How do firms where shareholders are the principals and managers their agents, deal with them? Given information asymmetries and non-trivial costs of monitoring, agents have incentives to substitute their preferences for the preferences of their principals. They can award themselves with above market salaries and fancy perquisites. As managerial theories of firms argued, managers seek power and prestige by increasing the departmental headcount and budgets at the cost of firm's profitability (Marris 1964). Anticipating this problem, shareholders create institutions to mitigate agency conflict. Within the firm, the board of directors is expected to serve as shareholders' watchdog. Externally, regulators acting on shareholders' behalf create rules to constrain managerial abuses. Executive compensation may be tied to profitability. The market for mergers and takeovers further empowers shareholders vis-a-vis managers (Marine 1965).

How has the NPNGO literature dealt with agency conflicts? Political scientists and sociologists in this field typically overlook the conditions under which NPNGOs do not faithfully translate principals' objectives into organizational outputs. By ignoring agency conflicts, they also ignore how NPNGOs might establish internal institutions to

mitigate them and how this, in turn, influences organizational strategy and performance. Why this omission when the issue of agency conflicts in any kind of collective endeavor is widely recognized? In some ways, this omission is emblematic of a normative bias in the scholarship that had led to: (1) the modeling of NPNNGOs as non-instrumental actors seeking to serve public purposes only, and (2) a focus only on successful cases of NPNNGO advocacy to the neglect of failed endeavors (Price 2003)—failures in which agency conflicts may be a contributing cause.

Revisionist scholarship has made progress in addressing this problem, however (Henderson 2002; Cooley and Ron 2002; Wapner 2002). Recent work on foreign aid to civil society organizations in transitional and developing countries problematizes the issues of identifying NPNNGOs' principals. For example, the body of work on post-Soviet civil society development finds that NPNNGOs are often "ghettoized" and are more responsive to their foreign donors than the communities and individuals they were created to serve (Henderson 2002; Mendelson and Glenn 2002). Likewise, Hudson's (2000) survey finds that NPNNGO actors claim more upward accountability to managers, donors, trustees, and boards of governors, rather than downwardly to those whose interests the organizations claim to promote. Moreover in their cross-regional case studies, Cooley and Ron (2002) also argue that, contrary to expectations in this literature, "relations between donors, contractors, and recipients can be modeled as a double set of 'principal-agent' problems" (15).

Accountability

Agency conflicts are closely tied to the issue of accountability. If NPNGOs work on behalf of the broader public (principals), how are they accountable to these publics? Revisionists suggest that NPNGOs can pursue very parochial interests and have no clear internal democratic characteristics to prevent agency loss (Edwards and Hulme 1996). In addition, NPNGOs mostly have appointed rather than elected leaders, and those who are elected are generally chosen by a small group of likeminded advisors or directors. While NPNGOs claim to represent the public interest, their accountability does not arise from the same democratic bases as some parties and governments or via the competitive environment facing firms in the market. These concerns are especially evident in the variations between professionalized NPNGOs and purely voluntary or membership-based organizations (Houtzager et al. 2002).

Price (2003) offers an important counterpoint to concerns about NPNGO accountability. He suggests that

[T]he criticism makes no sense unless we ask: compared to what are TCS [transnational civil society] actors deemed to be less accountable? To the influence of multinational corporations over domestic and international political processes (as if they are democratically accountable)? The very fact that civil society activism is needed is often testimony that these actors are responding to democratic deficits in existing institutions (Price 2003: 590-91).

Wapner (2002) also argues that through their very organizational structures and goals, NPNGOs are pressured to be transparent and responsive to various stakeholders. Rather than being free to act on their own as they see fit, NPNGOs must find ways to advance the concerns of their various members, donors, and advisors, and, while these individuals usually share similar ideological stances, they are rarely homogenous. In addition, NPNGOs must cooperate, coordinate, and compromise with other NPNGOs to advance their causes in networks; they must adjust their strategies, goals, and relationships to appear attractive to states in order to influence policy or state behavior; and, finally, to the extent that they work to influence international governmental organizations, NGOs must demonstrate deference toward INGOs and associated international regimes. All these examples add elements of accountability to NPNGO activities and, to the degree that they fail to exhibit these layers of responsiveness, NPNGOs risk their very survival (Ibid. 158-159).

While Wagner correctly points out different types of accountabilities to which NPNGOs might be subjected, he fails to address the issue of agency conflict (accentuated by the multiple principal issue), which is the root cause of accountability problems. These accountability problems become compounded because it is often difficult to compare the performance of NPNGOs, even those working in the same sector. Without benchmarking, which allows comparisons of firms with their peers based on similar Standard Industrial Classification (SIC), it is difficult to assess NPNGO performance relative to their competitors. Spar and Dail (2002) propose a classification system similar to the SIC comprised of 10 broad categories in which NPNGOs operate. Such a classification might

make it easier for potential members and donors to assess how NPNGOs are performing in a given industry.

While measuring the performance of a service delivery NPNGO might be possible—for example, an industry benchmark might be based on firms and government agencies working in the same industry—how would one benchmark the performance of advocacy organizations (Covey 1995, Edwards and Hulme 1996; Fowler 1997; Roche 1999)? As a member, would my membership dollars have more impact on public policy via Greenpeace or via Friends of the Earth? How do I assess it? What types of proxies might a potential member employ? Further, even if such information is available, in the absence of a stock market where shares are listed and performance scrutinized by trained analysts (thereby forcing managers to pay attention to profits) and in the absence of a market for mergers and acquisitions (which allow shareholders to remove non-performing managers), how would external institutions enforce accountability? While NPNGOs might have many conceptual similarities with firms, they are not embedded in an institutional environment that creates incentives for their managers to behave responsibly. In other words, the potential for agency abuse is *far greater* in NPNGOs than in business firms. Anticipating this, the adverse selection problem in recruiting managers (agents) is likely to be more accentuated in NPNGOs in relation to firms. Hence, the institutional design to mitigate agency abuse needs *more* attention, not less in the NPNGO literature.

Public management literature deals more directly with the agency problems that exist in nonprofit organizations, and even compares agency loss in nonprofit organizations with governments and firms (Ben-Ner 2004; Fama and Jensen 1983).

Several public management scholars do suggest that nonprofits have more severe agency problems than firms or government. They suggest that agency problems in nonprofits do not arise because self-selecting agents become NPNGO managers, but that, because they lack the competitive and/or democratic organizational structures and the price controls and incentive mechanisms that governments and firms enjoy, nonprofit organizations are prone to more lax oversight of management.

In multi-product NPNGOs with various donative and commercial fund-raising activities ensuring accountability becomes even more complex. Because the goals of NPNGOs

are not only numerous, they are typically vague. Thus it is difficult for society, the regulatory authority, ...or even the nonprofit itself, to determine the degree to which goals are being realized and, hence, the degree to which their achievement is being facilitated or retarded by some particular activity (Weisbrod 1998: 51).

Without the relatively easily measured goal of profit maximization of private firms, other mechanisms for holding NPNGOs accountable must be employed. An important part of this story are the choices between the provision of "preferred" and "nonpreferred" goods, that is goods and services that directly meet the organization's mission statement versus goods and services that raise funds or other resources that *enable* the pursuit of the organizational mission (Ibid.). In another important distinction between NPNGOs and firms, nonprofit organizations are expected to maximize production of mission-related

goods and minimize production of the kinds of goods that can generate revenue (ancillary goods and users fees), and these two are likely to be undertaken at levels below that which would be pursued by profit maximizers (55).

As discussed above, measuring NPNGO accountability is difficult, especially when advocacy is the primary product supplied by the NPNGO. It is difficult for publics, and even NPNGOs themselves, to know what they have achieved in their advocacy work, and hence what they should be held accountable for (Hudson 2000). Service provision provides a more direct way to observe accountability, but issues of efficient use of resources or hidden activities and questions about interest alignment between boards and managers still exist. Understanding and demonstrating both upward and downward links of accountability is a solution that public management literature and theories of the firm suggest to approach this problem.

NPNGO Efficacy

Institutional efficacy is the final core issue examined in the collective action literature. For firms, efficacy is measured in terms of profitability in relation to industry averages. The subfield of business strategy focuses on how firms can earn and protect their profits or rent. Michael Porter, the leading business strategy scholar, identifies three generic ways to earn and protect rents: cost leadership, product differentiation, and market segmentation. Since the publication of Porter's *Competitive Strategy* in 1980, there has been a flood of research testing Porter's argument. While Porter privileged market structure and how firms respond to it as a driver of profitability, a rival conception, known as resource-based view of the firm (Barney 1991), sought to link

profits to key resources that firms possessed. According to this perspective, firms can create and sustain rents if their key resources (that is, assets, capabilities, and processes) are valuable, rare, difficult to imitate, and non-substitutable. Again, there are hundreds of papers examining whether firms' profitability is systematically associated with these attributes. It is fair to say that scholars studying business firms agree on and clearly identify how to measure firms' efficacy through profitability. Nevertheless, they privilege different variables as drivers of firms' efficacy, which has created a healthy debate in the discipline.

On the other hand, it is not clear how one would measure the efficacy of NPNGOs. While measuring the effectiveness of service delivery NPNGOs should not be difficult (for one, there are industry benchmarks provided by governmental agencies and for-profit firms working in the same industry), how does one measure effectiveness of advocacy NPNGOs? Further, how does one assess the relative salience of the various efficacy drivers? What works and why? What are the necessary or facilitating conditions?

Political scientists and sociologists have paid considerable attention to the conditions under which NPNGOs affect government policy and transcend closed political systems. We believe this is the strongest and clearest aspect of these literatures. Keck and Sikkink (1998) identify a broad but tractable range of goals that activist networks pursue and can therefore be used to assess the effectiveness of TANs. They argue that TANs seek: (1) to place an issue on the international agenda, (2) convince international actors to change discursive positions and institutional procedures, and (3) influence policy change and actor behavior. This line of work underscores the importance of well-

organized and relatively dense international networks to carry out their typical repertoires of disseminating information, engaging in persuasion, and exerting pressure, but it leaves out mention of accomplishing service provision, focuses on the state as the main target of activity, offers little discussion of the role of domestic organizations and individual agents, and ignores the competition with other collective actors that ultimately influences effectiveness.

Indeed, many NPNGO studies neglect the importance of domestic actors or identify sympathetic indigenous actors as only one of several necessary conditions for successful advocacy campaigns. Global norms and concerns often dominate the issues that TANs pursue (and TAN scholars study) rather than issues responding to local needs or exploring the dynamics of individuals or individual organizations within the networks. Although TAN scholars are especially interested in how NPNGOs overcome institutional hurdles and resource deficits to achieve advocacy success, they rarely explore why some campaigns succeed sometimes in some places but fail in others (Price 2003: 586). Moreover, these scholars are not concerned with compromise results, but seek only to explain successes driven purely with value/normative motivation.

Overcoming lack of political access is another critical element for NPNGO success that both political science and sociology researchers emphasize. Despite the expectation that the "efforts of grassroots and direct actionists are likely to have greater value added when political conditions are unfavorable" (Price 2003: 585), NPNGOs are observed to have more of an impact when they have ties to governments or corporations that perceive their own vulnerability to the campaign. In essence, these scholars find that work is most effective in areas where publics are already mobilized around an issue

and targets are already receptive to change or vulnerable to network activism.

Burgerman (2001) suggests an "interacting set of necessary conditions" for human rights campaigns to gain success that includes the existence of relevant norms and activism, existence of elites that have concern about a given issue, and the existence of organized domestic groups. These conditions have an obvious overlap with the concept of political opportunity structure prominent in social movement literature. While there can be no doubt that these conditions are important to success in a number of issue areas in which NPNGOs are active, political scientists and sociologists tend not explore why and how these conditions arise.

Public management scholars, by contrast, identify the regulatory environment in which NPNGOs operate as the key driver of NPNGO success. They explore the relationships between tax structures and organizational form and donor incentives (Weisbrod 1997), and investigate the impact of cooperation or competition with government agencies on efficacy (O'Regan and Oster 2002). This exploration of the contracts between state and societal actors focuses on regulatory details that critically impact the effectiveness of NPNGOs.

Authority and legitimacy are yet another set of interrelated concerns that all three disciplinary literatures identify as being crucial for efficacy. The political science and sociology approaches suggests that NPNGOs derive authority from expertise, moral influence, and a claim to political legitimacy (Price 2003: 587), and they focus on frames to achieve such authority and legitimacy (Keck and Sikkink 1998; McAdam, McCarthy, and Zald 1996; McAdam, Tarrow, and Tilly 2001). In this view, efficacy is relative to the values and goals of the organization. Legitimacy comes or does not come depending

on the process through which values and goals are developed and pursued. Thus, moral principles and objective ideas of actors are critical, but not to the extent that a dichotomy is drawn between ideas and power. For example, "shaming and boycotts are clearly forms of coercion designed less to persuade than to change the cost calculus of targets" (Price 2003: 590; see also Klein, Smith, and John 2004). Thus efficacy hinges as much on material or power resources as ideational motivators.

Likewise, legitimacy increases the persuasiveness of advocacy, which, in turn, increases its effectiveness. NPNNGOs might be considered legitimate and effective advocates when they have specific areas of technical expertise or when they are viewed as neutral third parties whose information and claims can be trusted. Some NPNNGOs even steer clear of advocacy activities "because they feel that speaking on behalf of others is in itself disempowering for the intended beneficiaries" (Hudson 2000: 92), and thus decreases their efficacy. Establishing such expertise requires resources for hiring professional staffs, training, and publicity—all of which also determine effectiveness and successful achievement of goals.

An important contribution of the public management literature is thus found in the equal weighting of the material and ideational concerns affecting efficacy. As discussed above, in contrast to NGO politics and social movement researchers, public management scholars demonstrate that issues of accountability and representation also have a significant impact on legitimacy. Legitimacy arises from provision of promised services, goods, or objective expertise, and overcoming problems of resource scarcity is crucial to providing these services and goods successfully. In this regard, public management scholars identify the flexibility and experimentation inherent in NPNNGO organizational

structures among the greatest attributes for success. NPNGOs are also more flexible than their government or corporate counterparts to experiment with new programs or approaches and to terminate a certain area of activity should it prove ineffective (Douglas 1986:48).

The flexibility to experiment with for-profit activities obviously has important implications for the institutional survival and efficacy of NPNGOs. Given this flexibility, some authors expect "the more successful nonprofits to seek conversion to for-profit status (to escape the nondistribution constraint)" (Goddeeris and Weisbrod 1998: 221). While these types of conversions have become increasingly common in health care and hospitals in the United States, fewer similar conversions have occurred among NPNGOs in other industries. Nevertheless, these examples do raise questions of whether nonprofits are formed solely to take advantage of certain public and private subsidies and are eventually abandoned for the opportunity to use the assets for private gain. Such activity would certainly undermine the trust that consumers place in the public-spiritedness of nonprofits.

Conclusion

This paper argues that: (1) nonprofit, nongovernmental organizations (NPNGOs) should be conceptualized as collective endeavors; and (2) instead of creating new theories, NPNGO scholars should draw on theories of firm to investigate core theoretical questions such as under what conditions NPNGOs emerge, how they function, and how they impact outcomes. Obviously, NPNGOs are not firms simply because they either do not seek profits, or if they do, they have no principals who have the ultimate claim on this

residual. Yet much can be learned by drawing on theories of the firm to systematically study NPNNGOs. Our plea is for reducing the bewildering explosion of theories seeking to explain essentially the same phenomenon. Our criticisms are directed at scholars who overstate the uniqueness of NPNNGOs, underemphasize their collective character, and refuse to engage with core issues that any collective endeavor is likely to face. We summarize our discussion of the three literatures in Table 1.

Insert Table 1 about here

While we certainly want to provoke NPNNGO scholars, our objectives go beyond that. We want to encourage conversations among scholars who broadly study collective action. This paper models NPNNGOs as firms. The next step might be to think of firms as NPNNGOs. Increasingly, firms are involved in activities, subsumed under corporate social responsibility, that do not directly support their core mission of profit maximization. Often, socially responsible activities cannot be defended with the traditional techniques of project assessment such as Net Present Value or Internal Rate of Return (Prakash 2000). Instead, the claim is that socially responsible investments improve firms' reputations and help long-term profitability. It is difficult, however, to verify such claims, and it is not clear how long is "long term." We are not suggesting that socially responsible policies are not pursued for instrumental reasons; research suggests that they are. Nevertheless, careful research needs to be done to explain why the proclivity for such policies varies across firms even after controlling for usual culprits such as industry type, firm size, etc. Arguably, normative orientations of managers play an important role in

this regard, something that theories of firms are ill equipped to address. The study of NPNGOs and firms as parallel forms of collective action will, therefore, be useful, as NPNGO scholarship has paid considerable attention to the normative foundations of collective action. By recognizing that rationalist accounts might be underspecified (Miller 1993), theories of firms can be improved. The role of leaders as norm entrepreneurs within firms and how they shape firms' policies will require close examination. Leadership is an important area of study in organizational behavior and yet the traditional collective action scholars tend to miss it.

Individual and composite actors have instrumental and normative dimensions and any theory that sacrifices one for the other probably misses something important. The normative-rationalist divide should be bridged. Cross-fertilization among scholars studying different types of collective endeavors will hopefully create new insights that will move the research program forward.

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Table 1: Three Literatures on Non-Profit Non-Governmental Organizations: A Summary

	Political Science	Sociology	Public Management
What are NPNGOs	Nongovernmental advocacy organizations with normative goals aimed at changing public policy (sometimes business policy)	Organizations of the underdogs pursuing contentious collective action aimed at changing public policy	Multi-product organizations engaged in advocacy and service provision; cooperate and compete with firms, governments, and other NPNGOs.
Emergence	No clear argument; perhaps arise when actors with similar value motivations decide to organize Neither approach identifies the conditions under which NPNGOs emerge or why different numbers and sizes of NPNGOs populate different sectors.	Based on opening in political opportunity structure	To fill service and advocacy gaps from market and government failures, especially in environments of heterogeneous demand. Trustworthiness of NPNGO entrepreneurs.
Strategies	Contentious politics pursued through strategies such as the "boomerang effect" in the case of transnational advocacy networks.	Contentious politics pursued in social movements,	Multi-product organizations with multiple strategic: that network or pool resources when calculation of asset specificity shows that it will further organizational goals.
Structure	Absent in discussion	Classifies mobilizing structures as formal/informal & movement/ nonmovement structures but misses aspects of organizations	Professionalized, chartered, multi-product enterprises with importance given to patron power
Agency Conflict	Absent in discussion; normative bias of literature and almost exclusive focus on successful cases of advocacy causes neglect of failed agency relationships	Absent in discussion; assumption that once a political opportunity emerges, agency problems will vanish.	NPNGOs may have greater agency problems than firms or government agencies because of an institutional environment that lacks clear oversight of and incentives for NPNGO managers.
Resources	Mostly absent in discussion: Nonmaterial motivations drive activists; Revisionists suggest resources change goals and objectives of NPNGOs and cause agency conflicts between organizations, donors and constituencies.	Resource mobilization theory fell out of favor; Given the POS, resources will emerge.	Resources are critical for activities NPNGOs pursue and determine their strategies and efficacy. Fundraising can be an ancillary activity for NPNGOs. Resources and memberships are scarce and non-riv and lead to competition among NPNGOs
Efficacy	Impact on public policy difficult to judge because focus mostly on successful cases; Possibility of working around closed political systems. Legitimacy and Accountability critical.	Impact on public policy difficult to judge; Possibility of working around closed political systems. Legitimacy and Accountability critical.	Flexibility and ability to experiment. Equal weighting of material and ideational concern Legitimacy and Accountability critical.