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Nonprofit Human Services: Between Identity Blurring and Adaptation to Changing Environments

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The article addresses identity blurring in nonprofit organizations. Each of the environments in which they operate—government, business, and philanthropic—can lead to identity blurring and affect major characteristics of those organizations. The implications of identity blurring for the ideology and mission of these organizations are discussed.

Keywords: hybrid organizations, identity blurring, organizational environments, organizational identity, social and civil mission

INTRODUCTION

The past three decades have witnessed changes in the unique attributes of nonprofit human service organizations. These changes have influenced their ideology, their official goals and objectives, and their organizational strategies, in addition to affecting their administrative techniques. As a result of these changes, which are associated with political, economic, social, demographic, and technological fluctuations, nonprofit human service organizations have had to constantly adapt to rapid changes in their external, global, and local environments in order to ensure their survival and to continue carrying out the social and civil mission that reflects their ideology and values (Dichter, 1999; Lindenberg, 1999). The encounter with organizations in other sectors (private for-profit and governmental) has also raised difficult dilemmas for nonprofit human service providers. Private, for-profit organizations have entered arenas that were previously controlled by NPOs, while governmental agencies impose formal bureaucratic behaviors that derive from laws, bylaws, and regulations. This has not only affected the functioning and operation of nonprofit human service providers, but has also impacted on their unique identity. In addition, there is evidence that the differences between these organizations and FPOs have become blurred (Billis, 1993; Clarke & Estes, 1992; DeCooman, De Gieter, Pepermans, & Jegers, 2011; Marwell & McInerney, 2005). Their social and civic missions, as well as the composition of their new and traditional clientele, have been influenced by this process. In the present article, I will attempt to examine these processes. The article will begin with a presentation of the concept of organizational identity, followed by a description of the changes in the external environments in which nonprofit human service organizations function, the actual and
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potential impact of those changes on their unique identity, and the implications of these processes for the future development of their organizational behavior.

Organizational Identity

Organizational identity is defined as what is “central, distinctive, and enduring” about an organization. In that connection, it has been noted that organizational identity comes into play when an organization faces difficult decisions: “When discussion of goals and values becomes heated, when there is deep and enduring disagreement of confusion, someone will ask an identity question: ‘Who are we?’ ‘What kind of business are we in?’ or ‘What do we want to be?’” (Albert & Whetten, 1985, p. 265). According to Albert and Whetten, the circumstances in which identity becomes important include formation of an organization, loss of a sustaining element (such as a founding leader), accomplishment of an organization’s raison d’etre (for instance, curing polio), very rapid growth, or change in corporate status (such as merger or takeover), and retrenchment. Whetten and Godfrey (1998) describe what happens in such circumstances: “It is only when they can no longer live with the consequences of their actions and they locate the causes in deeply seated, and so far unquestioned, attributes of the organization that members begin challenging its identity and trying to alter it. In so doing, they meet opposition from those members who are committed to the current identity of the organization. The subsequent evolution of identity will then depend on the balance between forces of convergence (status quo) and forces of divergence (change)” (pp. 70–71). Gioia, Schultz, and Corley (2000) argue that organizational identity is actually a dynamic concept, and that its adoption helps an organization accomplish change.

Organizational identity is a key intangible aspect of any institution (Glynn, 2000). It affects not only how an organization defines itself, but also how strategic issues and problems, including the definition of firm capabilities and resources, are defined and resolved (Dutton & Dukerich, 1991). A statement of organizational identity consists of three claims: “the criterion of claimed central character; the criterion of claimed distinctiveness; [and] claimed temporal continuity (Albert & Whetten, 1982, p. 265). Lending support to this perspective is Ashforth and Mael’s (1996) notion that “claim” relates organizational identity to strategy, as well as Porac, Wade, and Pollock’s (1999) definition of identity as an explicit claim that an organization is of a particular type, following the argument that organizational identity can be portrayed as a social construct, which is an outcome of interaction between the organization and various entities in the task environment (Gergen & Davis, 1985). In this context, organizational identity is a product of the values represented by various stakeholders or interest groups, their expectations of the organization, and the pressures they exert in order to realize their goals and interests (Ashforth & Humphrey, 1985; Ashforth & Mael, 1996). This process is similar to the development of the individual’s personality, which is shaped by a combination of innate attributes and characteristics on the one hand, and complex interactions between the individual and the physical, psychological, and cultural environments on the other (Weick, 1995).

Albert and Whetten (1985) noted that organizations often struggle with multiple identities. This circumstance may occur by default if an organization is charged with additional roles it does not want, or if it has difficulty shedding an old identity while cultivating a new one (Young, 2001). Pratt and Foreman (2000) argued that multiple identities can be managed in various ways, sometimes to the advantage of an organization. Stone (1996) maintained that an organization must sometimes create multiple identities to deal with conflicting environmental pressures; whereas others have argued that multiple identities can be paralyzing and unstable (Whetten & Godfrey, 1998). Researchers have identified various organizational strategies for coping with multiple identities, including eliminating some identities, exploiting advantages through compartmentalization or integration, tolerating and enduring the problems of multiple ones, finding a higher level (meta) identity that successfully integrates existing identities, creating an entirely new identity, or downplaying the problems and allowing one or more identities to slowly decay (Pratt & Foreman, 2000; Whetten & Godfrey,
The concept of organizational identity enables us to examine how the nonprofit organization sometimes struggles to restructure or “reinvent” itself in order to prosper and survive in a changing environment. Resolving multiple identities (e.g., old and new) is often a key facet of the struggle (Young, 2001). According to Young (2001), ambiguity is also related to organizational identity and may derive from one of three sources: lack of clarity as to who is actually part of the organization and who isn’t, lack of common understanding among constituencies that clearly do belong to the organization, or simple failure to invest enough collective effort in searching for and articulating an elusive but genuine and compelling identity. Finally, identity is also related to the organization’s role or function, as well as the organization’s actions, achievements, values, and goals, and it may even be described in terms of what an organization does, or “what business it is in.” These aspects must be visible and clear as a condition for achieving consensus among the members of the organization. This consensus enables the organization to formulate long-term strategic plans, even if the implementation of those plans requires operational, tactical, and ad-hoc adaptations.

Changes in the organizational identity of NPOs can be attributed to several interrelated processes. First, at the different stages of their life cycle, organizations need to adapt to changes in their task environments. Second, pressures for growth and dominance exerted by internal units of the organization lead to changes in ideologies, goals, and objectives, as well as to changes in organizational strategies, technologies, and structure. Third, the expectations and constraints imposed by agents and constituencies in the organizational environment are ultimately mirrored in the organization’s internal structure (Schmid, 2009). The process of adaptation to changes in the task environment has the potential to affect the organization’s identity, and requires a certain degree of pragmatism and opportunism—whether the changes are first-order, second-order, or third-order (Bartunek & Moch, 1987). In many cases, organizations attempt to maintain their distinct identity and characteristics despite changes. This phenomenon has been referred to by Motamedi (1977) as “copability”—a term that combines the concepts of “coping” and “ability.” The essence of copability is the ability of a system to maintain its integrity and distinct characteristics, or to “hold its own.” In order for organizations to preserve their identity and adapt to changes in the environment, they need to combine adaptability and copability.

Organizational identity and adaptation to changing environments is especially important in nonprofit human service organizations that lack their own capital and assets, and are therefore highly dependent on external environments for resources, legitimation, and accreditation. The resources that nonprofit human service organizations need are controlled by various entities, including state institutions (the government, local authorities, and public institutions) as well as other entities (the public at large, philanthropic foundations, and commercial organizations). As a result of this dependence, entities in the external environment can also force these organizations to take steps that will affect their goals, service programs, and patterns of management, as well as their human resources. The potential outcome of these power-dependence dynamics is the risk of blurring the organizational identity and the likelihood that the organizations will conform with policies and regulations imposed by external funding agencies while distancing themselves from their espoused ideology and original target populations (Pfeffer & Salancik, 2003). This issue is discussed and analyzed here following the presentation of the major changes in the environments of these nonprofit organizations.

### MAJOR CHANGES IN THE POLITICAL AND ECONOMIC ENVIRONMENTS OF NONPROFIT HUMAN SERVICE ORGANIZATIONS

#### Devolution and Decentralization

In these processes, decision-making powers are transferred from the central government to the local authorities (Alexander, 1999; Anderson, Halter, & Gryzlak, 2002). The transfer of powers
is entrenched in the law, and the local authorities are fully authorized to make decisions and take action in their specified domains of responsibility (Fording, Soss, & Schram, 2007). The transfer of powers is a result of the growth and expansion of the activities and programs of nonprofit human service organizations, and derives from the increased complexity of social and human problems as well as from the need to respond to the expectations of different constituencies, stakeholders, and client populations (Peckham, Exworthy, Powell, & Greener, 2008). These processes have numerous implications for the administration of these organizations, while creating a new situation that I have defined as a “power revolution.” In that situation, power is transferred to the local authorities that control essential information for decision making and that are in direct contact with the organization’s clients. Whereas power was attributed in the past to a formal position in the organizational structure, nowadays it is attributed to the control of information, which is possessed by the local authorities. This has created a new situation and a new division of labor between central governments and local authorities (Bar-Nir & Gal, 2011).

Privatization and Purchase of Service Contracting

The government has privatized most social services. In recent years, the advocates of privatization have maintained that private, for-profit organizations are more efficient, accessible, and responsive; hence they have a relative advantage over government agencies, which are considered to be bureaucratic and inefficient (Doron, 1997; Gal, 1995). There are different methods and models of privatization, including voucher programs and the purchase of contracts for services, which are the main models referred to in this paper. Contracting out of services to NPOs and FPOs has created substantive, professional, and organizational dilemmas, which have been dealt with extensively in the professional literature (Schmid, 2003; Schmid & Hasenfeld, 2008). Following the penetration of private, for-profit organizations into the arena of social services, which was traditionally dominated by governmental agencies and nonprofit voluntary organizations in the past, there has been fierce competition for government funding of those services. This competition has contributed to the blurring of boundaries and distinctions between for-profit and nonprofit organizations that provide social services, especially when NPOs emulate administrative technologies that typify business organizations (Adams & Perlmutter, 1991; Alexander & Weiner, 1998; Billis, 1993; Frumkin & Andre-Clarke, 2000; Stater, 2010). As a result, the organizational identity and behavior of the nonprofit organizations has been affected, as will be discussed later in more detail.

New Public Management

This approach is guided by the principle of adopting advanced, goal-oriented patterns of management, which emphasize organizational performance (Pollitt & Bouekaert, 2000). It is concerned with the organization’s efficiency and effectiveness, as well as with the founding and structuring of autonomous, independent organizational units that serve as a profit center. Thus, new public management has recognized the need to offer clients a choice of services by encouraging competition between different sectors as well as by increasing transparency, responsibility, and accountability (Hood & Peters, 2004). As such, public and governmental organizations are required to present clear, quantifiable, and measurable objectives. They also need to develop processes of built-in-control, oversight, and measurement of outcomes, as well as a simple organizational structure that can adapt flexibly to changing contingencies.

Heterogeneity, Differentiation, Uncertainty, and Instability

Processes of political, administrative, and legal decentralization, as well as the processes of privatization of social services and the trend of new public management, have created a new organizational
culture and new organizational environments over the years (Alexander, 1999; Bush, 1992; Dolnicar, Irvine, & Lazarevski, 2008; Schmid, 2009; Smith & Lipsky, 1993). All of these processes have generated differentiation in the arena of social services, and have increased social and economic inequality among different population groups. As such, the different forms and models of privatization have led to the development of “rich services for the rich,” whereas “poor services” are provided to low-income and disadvantaged populations (Doron & Kramer, 1991; Esping-Andersen, 1990). It would appear that the entry of private, for-profit organizations into the niche of social service provision has created more choices. In reality, however, those choices are only available to people who have resources, whereas those who lack resources are forced to make do with less, and their choice of services is limited. Over the years this situation has widened social gaps, while the role of nonprofit organizations toward narrowing those gaps has become uncertain and unclear (Eikenberry & Kluver, 2004). Some scholars argue that those processes have led to greater differentiation, fragmentation, and segmentation of the market of social services while creating private and sectoral arenas of social services (Knapp, Robertson, & Thomason, 1990; Smith & Lipsky, 1993).

Additional changes that have affected the stability and functioning of nonprofit organizations include demographic changes, such as growth in the population of elderly persons as a result of increased life expectancy. Researchers have estimated that by 2040 the number of elderly persons in the world will increase to 1.3 billion (compared with 506 million today), and that they will comprise 14% of the total population of the world. The information revolution and processes of globalization have also affected nonprofit organizations, which have had to introduce new technologies that affect their core activity, organizational culture, and functioning (Lindenberg, 1999; Mesch, 2007).

The Organizational Domain of Nonprofit Organizations

The organizational domain is defined in terms of the services provided by the organization, the added value of those services, and the variety and nature of services, as well as by the organization’s target population (Schmid, 2001a). In addition, the organizational domain is a product of the relationships between organizations and their environments, and reflects the extent of legitimation that they attain from different interest groups and constituencies. The organizational domain of nonprofit organizations tends to be amorphous and ambiguous, because the organizations operate in environments that are highly complex, pluralistic, moral, and normative (Hasenfeld, 2010). In those environments, it is difficult to reach a consensus among the different actors who have their own values, expectations, and interests. Whereas governmental agencies are usually characterized by formal relationships with their clients, the clients of nonprofit organizations are viewed not only as consumers of services but also as “members” who are involved in making policies and decisions (Eisenberg, 2000). The boundaries of nonprofit organizations appear to be low and permeable, and their clients are encouraged to participate as actual or potential users of services (Stater, 2010). As such, nonprofit organizations are more attentive to the needs of their clients and can adapt more effectively to changes in their task environment. Moreover, in contrast to governmental and commercial organizations, nonprofit organizations employ volunteers who bring new energy and high motivation (DeCooman et al., 2011). The spirit of volunteerism, which is largely driven by altruistic motives, can influence the unique organizational culture and contribute to softening the formal and bureaucratic attitudes of employees in the organization (Bush, 1992). Moreover, the human input of volunteers is reflected in a unique combination of knowledge, skills, and abilities. Volunteers also engage in coordination, mediation, and bridging between the organization and its environments (Handy, Cnaan, Brudney, Ascoli, Meijis, & Ranade, 2000). In that capacity, they largely function as spokespersons for the organization, and they represent the organization’s interests vis-à-vis the clients, just like the parties that represent the interests of clients and interest groups vis-à-vis the organization (Cnaan & Amrofell, 1994; Haski-Leventhal, 2009).
IDENTITY BLURRING AND ADAPTATION IN NPOS

Nonprofit organizations engage in buffering and intermediary roles (Bush, 1992). With regard to the buffering roles, as providers of social and human services mandated by the government, nonprofit organizations are perceived by their clients as the main providers of services that stand in the way of direct contact with governmental agencies. As intermediaries, nonprofit organizations have different kinds of roles. They represent the government vis-à-vis citizens, and they represent the citizens vis-à-vis government authorities. For example, community service organizations and community councils represent the interests and needs of neighborhood residents vis-à-vis the local authority. In that capacity, they serve as intermediaries between the neighborhood residents and urban institutions (Schmid, 2001b).

To some extent, the buffering roles generate reactive behavior, which is expressed by responding to stimuli transmitted by different entities and actors in their task environment. Moreover, it can be assumed that when the government devolves responsibility for provision of human services in nonprofit organizations, they are not fully aware of the buffering role that they play (Alexander, 1999). Ostensibly, this can be perceived as an intentional manipulation in which the government aims to position nonprofit human service organizations as buffers vis-à-vis citizens in order to minimize direct contact with them. Nonprofit providers of social services have risen relatively easily to this challenge and have accepted that role because they are interested in ensuring the flow of governmental resources.

Whereas buffering is perceived as a passive-reactive act, the intermediary role is perceived as a proactive initiative. As an intermediary, the organization is expected to understand the needs, motives, and desires of the parties involved (i.e., the government and clients), as well as to initiate new programs and to adopt strategies that will enable the organization to gain legitimation and recognition from all parties. In that capacity, the organization also needs to find appropriate ways to implement the policies of the government on the one hand and provide services to those who are entitled to them on the other (Hansmann, 1980; LeRoux, 2009).

Consequently, nonprofit organizations incorporate formal and mechanistic versus informal and organistic characteristics, as well as attributes relating to values, ideology, and culture instilled by professional versus “imported” attributes represented by volunteers (DeCooman et al., 2009). These characteristics have a major impact on shaping and formulating the organizational identity of nonprofit social service providers, beyond the influence of stakeholders and various interest groups (Young, 2001). As such, nonprofit human service organizations face organizational, structural, and professional dilemmas that can upset their equilibrium. Moreover, these organizations are highly dependent on revenue deriving from external resources and self-generated revenue, as well as on governmental and public resources and on funds raised from philanthropic foundations. This, in turn, has increased uncertainty and instability in the organizations, which is reflected in their organizational behavior, as will be discussed in the following sections.

THE TASK ENVIRONMENTS OF NONPROFIT HUMAN SERVICE ORGANIZATIONS

Nonprofit human service organizations were broadly defined for many years as a major vehicle of the welfare state, and they have played a pivotal role in the formation and expansion of the welfare state in Western democracies. They have given a political voice to marginal and disadvantaged populations, in addition to providing social and human services. In that capacity, they have collaborated with the government in creating the infrastructure of the welfare state (Bode, 2006). The voluntary nonprofit organizations were part of a social movement that attempted to fulfill social and civic missions (Pestoff, 2004). Over the years, the relationships between governments and nonprofit organizations as well as the relationships with for-profit organizations have become more established, and their political, social, and economic environments have been more clearly identified (Young,
A description of those environments, which have a direct influence on the organizations, is presented in the following section.

The Institutional-Governmental Environment

This environment consists mainly of governmental agencies that maintain contractual relations with nonprofit organizations. It is usually characterized by a formal and rigid bureaucracy, as well as by lack of organizational and operational flexibility. In this environment, nonprofit organizations usually adhere to the laws, stipulations, and regulations institutionalized by the government, where the government serves as a regulator that is responsible for accreditation of organizations and oversees their financial activities. This environment has also been defined as an “iron cage” (DiMaggio & Powell, 1983), because those organizations are highly dependent on governmental agencies for legitimacy and financial resources. More than 50% of their revenue in the United States derives from the government (Salamon, 1995, 2003), and their organizational behavior is largely influenced by government regulations. Their dependence on the government in many Western countries and the contracting out of services has led to the development of an organizational pattern in which nonprofit organizations resemble neo-Weberian bureaucracies that are structured and function like the governmental bureaucracy.

The For-Profit Organizations

In recent decades, processes of privatization and commercialization of social services in Western countries have had a considerable impact on the organizational and strategic behavior of NPOs (Salamon, 1999; Shoham, Ruvio, & Vigoda-Gadot, 2006; Weisbrod, 1998; Young, 2002). With encouragement from the government and market forces, private for-profit organizations have penetrated the arena of social services (e.g., services for children at risk, elderly persons, and persons with disabilities, as well as rehabilitation services)—an arena that was dominated almost exclusively in the past by the nonprofit sector. Today, for-profit organizations are major competitors for resources controlled by the government and the private market (Marwell & McInerney, 2005). This situation has had a substantial impact on nonprofit human service organizations—a phenomenon that has been discussed extensively in the professional literature (Alexander & Weiner, 1998; Billis, 1993). The competition with private, for-profit organizations for financial resources and clients has forced nonprofit human service organizations to improve their strategic and organizational activities as well as their structure and administration in order to function more efficiently and effectively (Weisbrod, 1998). Thus, nonprofit organizations are no longer guaranteed resources as they were in the past, and in order to raise funds and mobilize resources they have to adopt and assimilate advanced techniques of modern management that typify the business world (Guo, 2006). Notably, myths of efficiency and effectiveness have been associated with the business world, although they have not always proven to be accurate and true, especially in the case of the global financial crisis of 2008-09. Nonetheless, there has been a process of mimetic isomorphism, in which nonprofit organizations mimic private, for-profit organizations and the differences between those organizations have become blurred (Weisbrod, 1998). In addition, there has been a growing trend toward adoption of commercial, profit-making social initiatives and business-oriented activities in nonprofit human service organizations. This trend, known as social entrepreneurship, has had an impact on the organizational behavior of these organizations (Boschee, 2006; Dart, 2004).

The Environment of Nonprofit Organizations

This environment consists of tens of thousands of organizations that provide social, community, and civic services. In that environment, the competition between organizations for scarce resources
is fierce. Thus, for example, there are a large number of organizations that provide services to the same target populations (blind people, deaf and hearing impaired people, people with physical and/or mental disabilities, children at risk, frail elderly, etc.). If those organizations were to merge or create additional collaborations and partnerships, they would achieve higher levels of efficiency and service quality, and they would economize on resources. In fact, notwithstanding the financial and economic crisis and the lack of sufficient resources, these organizations have continued to compete with each other to ensure the resources they need for their survival. In recent years, there have been a few initial signs of rational activity in these organizations due to the ongoing financial crisis, as reflected in the formation of alliances and a limited number of mergers. Concomitantly, the tendency to form partnerships has been increasing (Babiak & Thibault, 2009; Bryson, Crosby, & Stone 2006).

The Philanthropic Environment

The philanthropic environment is an important source of funding for nonprofit organizations. Philanthropists have various incentives for giving donations, including a desire to influence various aspects of life in the community, as well as a desire to develop social projects and programs that the government is unable to finance (Brown & Ferris, 2007; Noonan & Rosquentu, 2008; Schervish, 2005). Individual philanthropists as well as family, corporate, and community foundations achieve those goals through donations to nonprofit organizations. In the distant past, philanthropists would provide general grants without earmarking those contributions for a specific purpose. However, recent decades have witnessed the development of “new philanthropy,” which has also been defined as “venture philanthropy” (Sulek, 2010). The new philanthropists are less romantic, more rational, and more goal-oriented than their predecessors. As such, they earmark their contributions and seek to gain a return on their investment (Frumkin, 2006; Ostrower, 1995). Toward that end, they oversee expenditures, control activities, and expect nonprofit organizations to maintain a high level of transparency and accountability. These demands and expectations have affected the goals, objectives, and programs of nonprofit human service organizations. In addition, philanthropists who have made their fortunes in private business or through their work in private organizations have forced nonprofit human service organizations to adopt advanced patterns and processes of management that typify the business world. In their view, those processes will give the organizations a relative advantage and enable them to enhance their effectiveness and efficiency. As a result, in addition to potential changes in their social and civic ideology and mission, NPOs are exposed to domination by technocratic managerialism, which has the potential to impact on their unique organizational climate. It should also be noted that this charity—whether intentionally or not—is antithetical to the kind of profound change espoused by social and nonprofit human service organizations, which requires the engagement, empowerment, and civic responsibility of their clients.

THE IMPACT OF ENVIRONMENTS ON THE IDENTITY OF NONPROFIT ORGANIZATIONS

Researchers, who have proposed various classifications over the years, have posed questions regarding the distinctive identity of these organizations. Lohmann (2007) concluded that, in light of different classifications, the meaning of the term nonprofit organizations is unclear. With regard to the topic of the present article, this lack of clarity makes it difficult to understand the distinctive identity of those organizations. As Lohmann (2007) argued, “It is a relatively routine matter in contemporary nonprofit research to refer to ‘nonprofit organizations’ as if there were something recognizable, homogeneous, and distinct about the ways in which people organize themselves under
nonprofit corporate and tax-exempt auspices. I would ask whether in the instances most frequently studied—nonprofit health care, social service settings, and private schools and universities—this is the case, or whether we have not yet gotten to the real nature of these organizations sociologically, politically, or economically” (p. 439)

The wide variety of nonprofit organizations includes providers of various social services and health services, as well as advocacy organizations that seek to insure and promote the rights of disadvantaged, marginalized, and excluded populations. They also include social change organizations that seek to redistribute national resources, to diminish social gaps, and to reduce inequality, as well as lobby organizations and interest groups. In this article, I would like to focus on providers of social and human services, which constitute the majority of the total population of nonprofit organizations. Only a few of all nonprofit organizations define themselves as advocacy organizations or as social change organizations (Salamon, Herns, & Chinnock, 2000).

As I understand it, the different organizational environments described above have a potential and actual impact on nonprofit human service organizations, and contribute substantially to the blurring of their unique historical identity. The following are the main areas in which the impact of the different environments is evident.

The Organization’s Espoused Ideology

Each of the environments—the institutional-governmental environment, the business environment, and the philanthropic environment—has a potential impact on the social and civic ideology of nonprofit organizations. Because they are highly dependent on government resources (48% of the revenue of nonprofit organizations in Israel, and 50% of the revenue of organizations in the United States), these organizations tend to conform to the policies imposed on them and that have a major impact on their activity (Smith & Lipsky, 2003). As shown above, the business environment also generates competition for limited resources and diverts the focus of their activity from fulfilling a social mission to profit-making, even under the nondistribution constraint (Liao, Mei-Na Liao, Foreman, & Sargeant, 2001). Thus, as indicated, in order to ensure their survival, nonprofit human service organizations have adopted behavior that typifies the business environment—behavior that emphasizes the economic value of their activity and that detracts from achieving social goals and promoting the well-being of their clients. Moreover, the philanthropic environment and philanthropic foundations have affected the directions of activity in NPOs. As mentioned, new philanthropists are task and goal-oriented, and they seek a return on their investments that can be measured in quantitative as well as in qualitative terms (Schmid & Rudich-Cohn, 2012).

The Organization’s Social and Civic Mission

The impact of the different environments on the ideology and espoused goals of nonprofit human service organizations is also reflected in their social and civic mission. Regarding the social mission of these organizations, studies have revealed that they have created private service arenas that intensify inequality and widen social gaps. In so doing, nonprofit human service organizations are largely responsible for the process of differentiation and segmentation of markets (Knapp et al., 1990). The transfer of responsibility for provision of services to nonprofit organizations enables them to set rules, criteria, and standards that will govern the provision of services, as well as to select the target populations that they wish to serve and close the doors to other populations. This situation is described by Lipsky and Smith (1989-90), who portray nonprofit organizations as promoting the principle of selective service provision, in contrast to the government, which is more committed to the principle of universality. Inevitably, this impacts the social mission of those organizations. In my view, contrary to their primary espoused ideology, they do not serve as a
social buffer that can help balance differences between population groups. Rather, they contribute to intensifying inequality by focusing on “desirable populations” while ignoring “undesirable populations.” Moreover, dependence on the government and the process of privatization has led to the erosion of their civic mission. Notably, some research findings have revealed that dependence on government funding has caused nonprofit human service organizations to engage less in advocacy activities and has reduced their civil commitment (Schmid, Bar, & Nirel, 2008), although there are studies that have pointed to other directions (Chaves, Stephens, & Galaskiewicz, 2004; Mosley, 2006). On the whole, our findings have clearly shown that these organizations “don’t bite the hand that feeds them,” whether that support derives from the governmental, business, or philanthropic environment. In that way, they ensure the flow of resources they need for their continued existence. Another process that has a potential impact on the social and civic goals of nonprofit human service providers is social entrepreneurship. Undoubtedly, competition for scarce resources causes these organizations to seek new funding sources as a means of bolstering their independence. Hence, they have entered the domain of social entrepreneurship by integrating profit-oriented projects, which they view as having added social value. Those projects yield revenues, which contribute to their financial robustness. There are many who condone this kind of activity, because they consider it to be a process of adaptation to changing environments. There is also no doubt that those activities have added value in that they create an additional channel for nonprofit organizations to mobilize resources in a competitive environment. Nonetheless, in my view that value might be reduced by the potential damage to the organizations’ civic and social mission when they become dominated by commercial patterns of for-profit organizations (Dolnicar et al., 2008).

The Organization’s Target Populations

In this area as well, there have been changes that derive from the market economy in which nonprofit human service organizations operate. In the past, they focused mainly on disadvantaged, poor, and excluded populations, and constituted the organizational and professional infrastructure of the welfare state. Nowadays, this is no longer the case. As selective organizations, they have shown an increasing tendency to attract middle-class populations who can afford to pay fees for services. Moreover, those organizations tended to serve complex and difficult clients in the past, whereas private, for-profit sector focused on “easy, hassle-free” clients in the distant past. This situation has also changed. Today, nonprofit organizations tend to be more selective, and often prefer clients who need specific, time-limited treatment that yields visible results.

Limited Innovation

The desire to ensure a steady flow of resources from the external environments (the government, business organizations, and philanthropists) encourages organizational behavior that conforms with policies imposed by the parties that provide funding. Research findings indicate that when nonprofit human service organizations are highly dependent on government funding, they tend to provide services mandated by the law, which conform to government policy. Thus, they do not offer new programs or service technologies, and the penalties for failing to meet standards may inhibit innovation (Deakin, 1996). Providers have found that as long as they conform to government policy and regulations, they ensure themselves of the resources they need for their survival. Hence, they do not see the development of new programs and innovative service technologies as a priority (Davis-Smith & Hedley, 1993). This is also true of the pressures that are exerted by philanthropists, who are willing to invest in programs that are a top priority for them but not necessarily for the organizations and their clients.
Organizational Structure and Human Resources

Dependence on external resources, which leads to conformity with the governmental, business, and philanthropic environment, has also had a strong impact on the organizational structure of nonprofit human service organizations as well as on their human resources. Research findings indicate that, as a result of this dependency, these organizations often do not engage in creative and innovative thinking about their organizational structure. Thus, although it is reasonable to expect that these organizations would develop new structures to meet the changing needs and diverse range of the clients they serve, they have become increasingly similar to each other and are characterized by relatively high levels of structural formalism and administrative bureaucracy (Billis, 1993; Billis & Glennerster, 1998). Moreover, the pressures that funding agents exert in the direction of specialization also have implications for the organization’s human resources. For example, volunteer workers who were once the backbone of nonprofit human service providers have been replaced by professionals with knowledge, education, and experience in the organization’s area of activity. In that process, warm, empathic, and personal relationships have been replaced by impersonal, pragmatic, rational, and bureaucratic relationships that characterize administrators and bureaucrats. As a result, the distinctive character and identity of nonprofit human service providers as flexible, organistic organizations has been replaced by patterns that were alien to them in the past.

CONCLUSION

In the paper, I described, analyzed, and evaluated trends and changes in the organizational, political, and economic environments in which nonprofit human service organizations operate, as well as the impact of those environments on the organizational identity of these organizations. These organizations, which once focused on principles such as voluntarism, altruism, and nonprofit activity, have shifted their identity as well as their social, civic, and democratic ideology. Sustainability and survival are real considerations for the leaders of these organizations, and force them to confront the dilemma of focusing on the organization’s social mission versus profit making. As a result, many nonprofit community organizations have adopted an “enrollment economy” strategy, where they only provide services that are economically feasible and that generate profits. In that process, services that are not profitable will not be provided, even if they are consistent with the organization’s ideological, social, and democratic mission. The combination of structural and organizational behavior and characteristics that typify the business sector on the one hand and characteristics of nonprofit voluntary organizations on the other has created a hybrid organizational structure. Hybrid organizations operate in multiple functional domains, and they are subject to specific environmental pressures not encountered by organizations that operate within clearly defined technical and institutional boundaries (Reuf, 2000). According to the detailed description presented in this article, nonprofit human service organizations no longer operate in defined boundaries. Rather, they are subject to the influences and constraints of institutional and non-institutional environments that affect the establishment of a hybrid organizational structure.

Minkoff (2002) summarized the essence of hybrid organizations by describing them as “forms of organizations [that] develop as an effort to manage environmental uncertainty and episodic change . . . in modeling themselves on disparate forms, hybrid populations face unique obstacles to legitimacy building, resource procurement, and effectiveness. They must negotiate a niche that blends population boundaries, finding ways to articulate a multidimensional identity and clarify what are the form’s boundaries and sources of accountability” (p. 83). Based on Minkoff’s (2002) research, Hasenfeld and Gidron (2005) attempted to emphasize the distinctive characteristics of multi-purpose hybrid voluntary organizations, in light of the contribution of civil society theories, social movements, and nonprofit organizations. According to that perspective, these organizations evolve into
hybrid organizations by having multiple purposes, which combine goals of value change, service provision, and mutual aid to various degrees.

These descriptions reflect the processes that have been taking place in nonprofit human service organizations—processes that have led to a change in their organizational identity which, in turn, has affected their organizational behavioral, strategies, and structure. The hybrid structure of these organizations reflects a transition from one organizational identity to multiple organizational identities. This has created a new situation for the leadership, staff, and clients of nonprofit human service organizations. As for the leadership, the directors of these organizations are committed to achieving multiple goals based on rational allocation of budgets that will enable them to respond to the demands of diverse constituencies, interest groups, and stakeholders. This situation has also affected the priorities of directors, who need to allocate their time and energy rationally to different tasks and programs. As for the staff, the changes described in this article have weakened their identification with and loyalty to the organization they work for, because the organization no longer has a clear, unique identity. With regard to the clients of nonprofit human service organizations, these changes can lead to confusion because the clients may not be aware of whether the nonprofit human service organization that receives private contributions is part of a hybrid structure (Tuckman & Chang, 2006). My basic assumption is that social entrepreneurship has also elicited questions and doubts among clients about the mission of the organization and the organization’s commitment to them. Without a doubt, the process of identity blurring in nonprofit human service organizations derives from the process of adaptation to their changing reality and environments. Nonetheless, the question “what area of business are we in?” is more relevant than ever to understanding the changing patterns and structures of these organizations. In my view, the process of adaptation entails a price, as reflected in the blurring of organizational identity, and has created organizational fragmentation and ideological opportunism that has led to a constant erosion of nonprofits’ organizational, social, civic, and democratic missions.

In any event, my assumption is that nonprofit human service organizations are at a crossroads at which they need to reformulate their organizational attributes, their distinctive characteristics, and their organizational identity. Hence, it is important for researchers to continue examining these processes in order to better understand the changes that nonprofit human service organizations are coping with, and how these changes have affected the mission and functioning of these organizations as well as their clients. It is also important to carefully examine the extent to which the hybrid structure, which characterizes many of these organizations, is appropriate for the achievement of their goals, or whether we are witnessing the beginning of a new era in which business, economic, and profit-making considerations will prevail in nonprofit human service organizations.

REFERENCES


