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ABSTRACT

The NGO-donor relationship has become understood as exceptionally volatile. Non-governmental organizations (NGOs) in developing countries rely heavily on foreign donor funding and potential over-reliance on donors becomes apparent. The research at hand concentrates on the relationship between environmental non-governmental organizations (NGOs) and international donor agencies in the local setting of a developing country. It explores the potential impact of changing funding priorities on NGO behavior and decision-making. It raises two questions: How do NGOs respond to changes in donor funding objectives? Why do NGOs react the way they do?

NGOs react to changes in the external environment in different ways (Thompson 1967; Pfeffer and Salancik 1978; Scott 1981; Pfeffer 1982). The first phase of the dissertation explores the NGO-donor relationship when donors revise funding priorities and partner NGOs try to adapt. There is a variation in the way NGOs respond to changes in funding manifested or applied in a variety of ways. The study draws on qualitative research to study the decisions of four NGOs in response to shifts in funding, and analysis reveals the following variations in NGO responses to such shifts: suspend the relationship, reach common ground and maintain the relation, automatically execute the donor's interests, and voluntarily and deliberately adapt to the situation. The research builds on Hirschman's (1970) individual self-interest theory and considers NGOs as 'consumers' in their relationship with donor agencies. Using Hirschman's (1970) typology, three modes of NGOs' response are identified: *exit*, *voice*, *loyalty*, and a fourth mode, *adjustment*, is proposed.

Furthermore, the dissertation integrates resource dependence theory (Pfeffer and Salancik 1978) and the theory of weak ties (Granovetter 1973, 1983) to construct a more parsimonious theory to predict organizational responses to changes in the surrounding environment. Each of the two theories is reviewed separately to provide a theoretical justification for NGO behavior in a changing funding environment. Resource dependence determines NGO behavior. Therefore, we expect that NGOs characterized with high resource dependency will comply with donor interests. Furthermore, the behavior of the NGO could also be determined by the presence of strong or weak ties, such that an NGO centrally located in a dense network with strong ties is likely to comply with donor interests.

This investigation also recognizes that organizations vary in terms of tolerance for resource dependency and the nature and structures of their network relations. The study accepts Salancik's (1995) argument that control over resources is not the only source of power in an inter-organizational relationship; network positions are related to power. Accordingly, the study presents an alternative perspective that integrates the two theories, stipulating that an organizational response to changes in its external environment depends on the level of resource dependence tolerance as well as the strength of ties in a network of actors. The likelihood of an organization adopting *exit* as a response to shifts in donor funding is higher with lower resource dependence and weaker network ties. The likelihood of an organization practicing *voice* is higher with lower resource dependence and stronger ties. The likelihood of an organization practicing *adjustment* is higher with

higher resource dependence and weaker network ties. Lastly, the likelihood of an organization adopting *loyalty* as a response to shifts in donor funding is higher with higher resource dependence and stronger ties.

The integrated theory is supported with in-depth qualitative analysis of multiple cases of NGOs and their relations with stakeholders, specifically donors. It is verified by translating propositions into hypotheses. These key hypotheses are tested using multinomial regression analysis based on measurements derived from network analysis that plots network maps of environmental NGOs in Lebanon. The results provide good support for the predictions of the integrated theory. Variation in resource dependence has no effect on the choice of *voice* over *exit*, while higher centrality increases the tendency towards *voice*. There is a higher tendency for *adjustment* with higher resource criticality and concentration while tie strength has a weak effect on the choice of *adjustment* over *exit*.

HANDS IN THE POCKETS OF MERCURIAL DONORS:
HOW THREE THEORIES EXPLAIN NGO RESPONSES TO
SHIFTING FUNDING PRIORITIES

By

Khaldoun AbouAssi

DISSERTATION

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I have come a long way from a small town in a remote area in Lebanon to the Maxwell School in Syracuse, USA. It has been a long journey that I hope takes me to new prospects and a promising future with the one who inspires me.

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CHAPTER ONE: FRAMING THE ISSUE

This introductory chapter serves two purposes. First, it articulates the research problem investigated in this dissertation. Specifically, this dissertation develops a conceptual framework of organizational behavior and provides preliminary data testing on a new theory of how non-governmental organizations (NGOs) respond to changes in their resource environment. Second, the chapter outlines the contents of the dissertation, providing a brief overview of each chapter.

INTRODUCTION

Since the early 1980s, Western donors have been redirecting funds to developing countries away from national governments towards local non-governmental organizations (NGOs). As funding continues to increase for various economic, developmental, and political reasons, the aid channeled through NGOs has been rapidly increasing (Abdelrahman 2004; Kakarala 2001; Kharas 2007), with the consequence of increased NGO dependence on foreign aid.

The influx in foreign aid has been associated with changes in the discourse surrounding development, and, consequently, with changes in the focus of foreign assistance to developing countries. Calculating aid in monetary value, Kharas (2007) reports that the total volume of international funding going to developing countries topped US\$100 billion in 2006 compared to US\$41.3 billion in 1974 (expressed in real 2005 dollars). In 1999, US\$12.4 billion out of the US\$46.6 billion of aid assistance (around 21.6%) was transferred through NGOs (Kharas 2007). U.S. foreign non-military aid expenditures

increased from around \$10 billion in 1996 to \$32 billion in 2004 (Verweij and Gyawali 2006). Aid transfers by American, Canadian, and European nonprofits to developing countries totaled \$2.7 billion in 1970 and increased by 166% in 1990 to \$7.2 billion—in constant 1986 dollars (Edwards and Hulme 1996). When private financial flows are added, the total sum of assistance channeled from the North to the South stood at US\$200 billion in 1992 (Hook 1995). This influx of aid was coupled with changes in NGOs' role in the development process. With a heavy reliance on donor funding, NGOs find themselves in what has been referred to as 'a dependency trap' (Bieber 2002).

My own professional experience working with a donor agency in Lebanon and researching Lebanese NGOs confirms this dependency trap. Many NGOs have had to modify the nature of their activities to secure funding from international donors, and new NGOs have been created to attract funding. The NGO sector in Lebanon has been undergoing a disguised transformation; the core value of solidarity that characterized the sector for a considerable period of time has been replaced with a culture of individualism. The general mission of serving the people and the public good has been gradually replaced by personal gains and organizational survival.

This dissertation is a theory-developing and theory-testing study. It focuses on organizational behavior, specifically seeking to understand the modes of responses of a funding-dependent NGO to changes in the funding objectives of donors and the reasons underlying these responses. The dissertation finds its theoretical grounds in Hirschman's

(1970) individual self-interest theory, Pfeffer and Salancik's (1978) resource dependence theory, and Granovetter's (1973, 1983) theory of weak ties.

The research focuses on NGOs in Lebanon. Lebanon has a vibrant and dynamic NGO sector. There are as many as 15,000 NGOs serving a population of approximately 4 million. NGOs have been active in all domains of public life. During the country's civil war (1975-1990), and with a shattered public bureaucracy, they assumed responsibility for providing most basic public services (AbouAssi 2006). As Chapter Three elaborates, one distinctive feature of Lebanese NGOs is their ability to secure funding from various sources—including international donors—with no interference or control from the central government. For these and other reasons, the Lebanese NGO sector is an interesting case study of how NGOs in developing countries that do not face government control respond to changes in donor strategies.

The remainder of this introductory chapter provides an overview of the dissertation. The first section scopes out the challenge of shifting grounds and provides a general definition of NGOs and donor agencies. The second section discusses the broader context of this research, namely development assistance and the aid industry. The third section lays out the central questions of the dissertation. The fourth section sketches the research design, focusing on the dissertation's conceptual framework and methodology, and addresses its limitations and contributions. Finally, the overall organization of the dissertation is outlined chapter by chapter.

SHIFTING GROUNDS

The NGO-donor relationship is volatile because of inconsistency in donors' funding priorities and consequent confusion and instability among partner organizations. As Doornbos (2003) states, "donors develop their programs, preferences and priorities and revise them at an ever-increasing pace, while at best NGOs try to figure out how they might fit in or if they meet the criteria underlying the latest preoccupation of donors" (15). Many NGOs in developing countries modify the nature of their activities to secure or sustain financial resources, usually at the expense of their core mission. For example, in their study of Palestinian NGOs, Hanafi and Tabar (2003) argued that organizations that had followed donor funding became "[disconnected...] from the popular movement [and were] not able to articulate between their own aspiration [and overarching] agenda" (205). Rahman (2006) addresses an opposite cycle in Bangladesh where the NGO sector shifted its focus from promoting political mobilization to delivery of basic services. In both cases, the domestic environment was not very conducive for political activism, and international donor pressure turned the wheel towards 'depolicization' of the NGOs.

Therefore, a policy decision to channel funding in a direction that primarily serves the donor's strategic and political interests leads to unintended consequences in the political, economic, and social settings of aid-recipient countries. These consequences are paralleled with changes in the behavior and actions of the local NGOs who are partners and implementers of donor aid programs.

To frame this observation as a research agenda, it is both intriguing and important to understand NGO responses to shifts in donor agencies' funding. When a donor modifies its funding objectives, how does a partner organization react? A traditional African proverb provides an immediate answer to these questions: "if you have your hands in another man's pocket, you must move when he moves" (Edwards and Hulme 1996: 961). This reflection on human relationships can be applied to the relationship between donor agencies and NGOs in developing countries.

To better understand the relationship between donors and NGOs, this research adopts a scientific approach that tests an amalgamated model of several theories, including Hirschman's (1970) individual self-interest theory, resource dependence theory (Pfeffer and Salancik 1978), and the theory of weak ties (Granovetter 1973, 1983). Before examining these theories, however, it is necessary to define key actors.

Defining Actors

One purpose of defining actors is to avoid confusion in the analysis of findings. This procedure is a form of delimitation (Creswell 2002; Holloway 1997), defined as "[setting] boundaries [to] limit the scope of research" (47). Delimitation is used for practical and theoretical reasons. Boundaries can be controlled by researchers themselves or are 'inherent in the research questions.' At the same time, these boundaries signal to readers the confines of the research.

The literature lacks a universally accepted definition of NGOs, but for the purposes of this research, the structural-operational definition of NGOs is acceptable. This definition uses six main characteristics: 1) degree of formality or institutionalization; 2) independence from the government; 3) non-profit distribution (but not necessarily generation); 4) self-governance according to certain internal procedures and mechanisms; 5) voluntary participation; and, 6) public benefit driven “by the desire to articulate and actualize a particular social vision” (Diamond 1994; Lewis 2001; Najam 2000; Salamon 1999; Salamon and Anheier 1992; Vakil 1997).

This dissertation adopts the definition of an NGO as a self-governing, non-governmental, not-for-profit, and non-political organization “concerned with improved services and wider social change, including both public benefit and self-help” (Lewis 2001: 60; Vakil 1997). The dynamics involved in the processes of decision-making, resource-generation, and relationship-building of these organizations differentiate them from other types of organizations such as community-based organizations, informal associations, and universities. In addition, professional associations¹ should also be distinguished from NGOs, since they “operate as comprehensive and well-legitimated representatives of their constituencies and are routinely engaged in formulating rules and principles of their respective spheres” (Boli 2006: 341).

Other terms to be clarified are ‘donor’ or ‘donor agency’, which are used interchangeably in this dissertation. In general, there are three kinds of donors. First, bilateral donors are

¹ Examples of professional associations in Lebanon include Bar Associations, Labor Unions, Physician Associations, etc...

governments of developed countries providing development aid and assistance to developing countries. Usually, the aid is provided through the foreign aid agencies of donor countries, but not necessarily to the government agencies of recipient countries (Edwards and Hulme 1996; Van Rooy and Robinson 1998). Examples of bilateral donors include the Canadian International Development Agency, the UK's Department for International Development, and the United States Agency for International Development. This dissertation strictly focuses on this type of donor.

Second, there are the multilateral agencies, such as World Bank and United Nations agencies, which channel and allocate funds from various sources to developing countries (Edwards and Hulme 1996; Van Rooy and Robinson 1998). Kharas (2007) counts around 230 multilateral donors, which outnumber bilateral donors and recipient countries combined, even though they only disburse 12 percent of total development aid.

There are major differences in the characteristics, purposes, and stipulations of development assistance between bilateral and multilateral donors. Alesina and Dollar (2000) suggest that "the determinants of bilateral and multilateral aid are quite different and one cannot explain the two together" (35). In essence, the motivations for providing assistance vary with the type of donor (Gounder 1994). McKinlay and Little (1997) suggest two-distinct models: the 'recipient need' model explains multilateral aid that is provided to "compensate for shortfalls in domestic resources" (Maizels and Nissanke 1984: 881). A 'donor interest' model explains the motivations of bilateral donors where aid assistance serves primarily or only donor interests.

Third, there are the international organizations and foundations. Some individual philanthropists and private donors were dismayed with the use of their taxes or donations in a game of political power and negotiations; thus, they looked for other means to ensure their donations reached the right beneficiaries in developing countries, and were encouraged with tax exemption laws that favor philanthropic giving. Transnational NGOs, international alliances, and philanthropic foundations such as OXFAM, the Ford Foundation, and the Gates Foundation have been established to work on specific issues or in specific areas around the world with private sources of funding.

As noted above, this research focuses exclusively on the relationship between organizations strictly defined as NGOs in developing countries and bilateral donors. However, there are several opportunities for future research that examines the relationship among other types of NGOs and donors. Such research could be carried out to test and verify the findings of this dissertation. For example, future research could focus on NGOs' relationships with private donors and foundations, or on the relationship between other types of organizations, especially community-based organizations, and donors. Such a research agenda could provide a more complete understanding of donor-recipient relationships.

THE CENTRAL RESEARCH QUESTIONS

This dissertation research is framed within a broad literature on NGO theory and management, and on organizational theory. It concentrates on NGO-donor relationships

in the developing country of Lebanon. The study centers on two primary research questions, which are addressed in two phases.

In Phase I, the first question examines organizational decisions vis-à-vis an existing relation with a donor agency. As a donor decides to change funding objectives, a funding-dependent NGO is compelled to react to such a decision; the NGO goes through an internal deliberation process to decide how to react and what specific course of action to take. The process might be linear or not, and decisions might be monolithic or manifold. Specifically, the first research question asks:

- 1) How does a funding-dependent NGO react to the decision by a donor to change funding objectives?

A subsidiary question is, do NGOs react in different ways towards different donors?

These primary research questions are addressed by building on Hirschman's (1970) typology of *exit*, *voice*, and *loyalty* in an attempt to present a comprehensive conceptual framework that captures the range of reactions.

Recognizing that there may be several underlying reasons or existing conditions that shape NGO reactions and decisions, Phase II seeks to explore and analyze the variables used to justify organizational choices. Thus, the second research question asks:

- 2) Why does an NGO react the way it does?

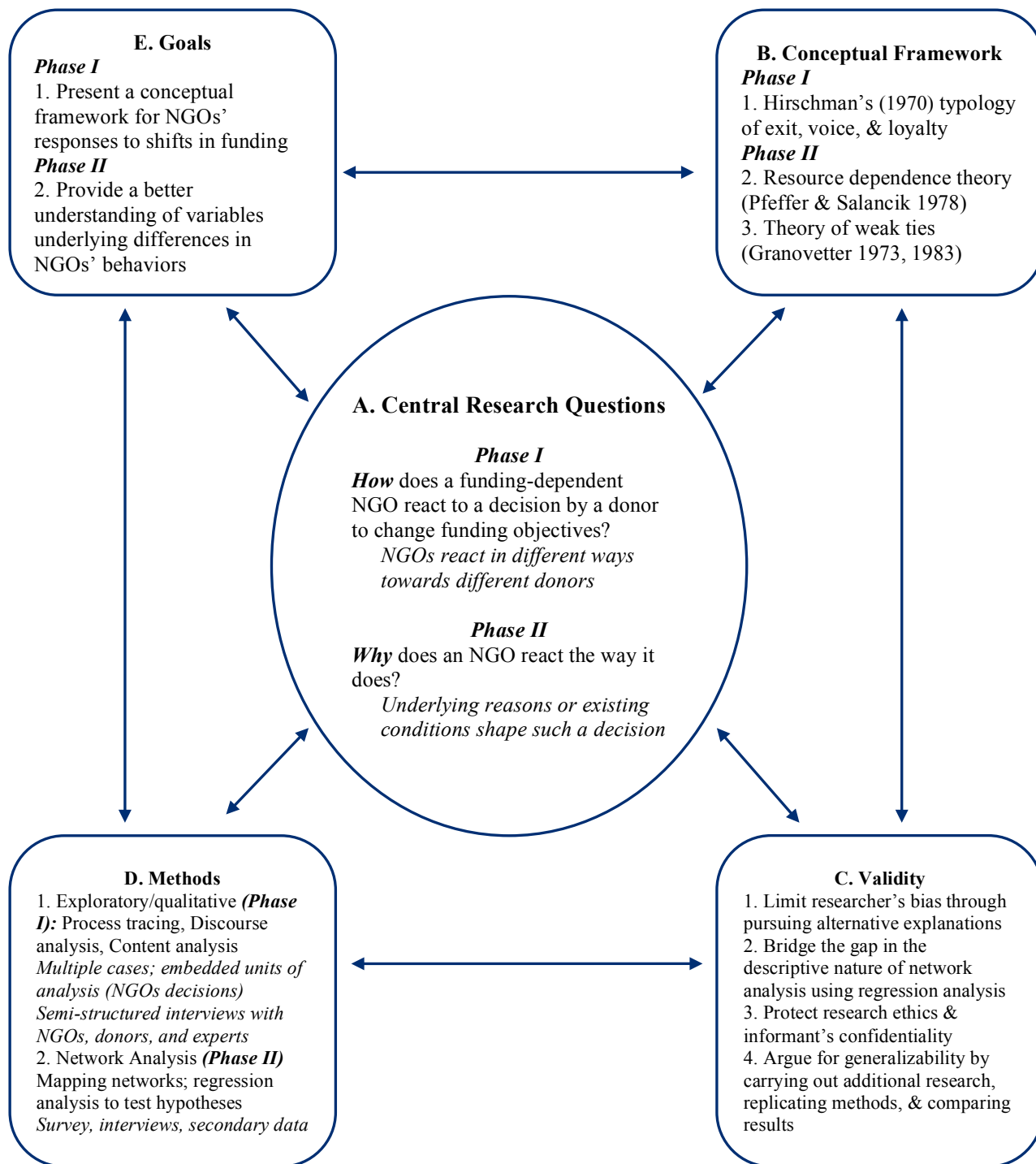
Several theoretical perspectives might be used to predict NGO reactions. This dissertation argues that resource dependence theory (RDT) (Pfeffer and Salancik 1978; Pfeffer 1982) and the theory of weak ties (Granovetter 1973, 1983) separately identify external environment pressures and constraints—resource control and location in a network, respectively—to provide explanations for variation in organizational behavior.

As this research digs deeper into understanding NGO behaviors, it provides insights on possible implications for NGOs' identity, governance, and management. It also sheds light on how an organizational decision yields greater or lesser chances of survival and sustainability without risking autonomy and undergoing identity transformation. The next section focuses on the analytical process for exploring changes in NGO-donor relations and explains the underlying variables.

Research Design

Maxwell's (2005) interactive model of research design, which is primarily developed for qualitative research, guides this dissertation. The research design (exhibited in Figure 1.1) has five main components: 1) the central research questions—discussed in the previous section, 2) the conceptual framework, 3) validity, 4) methodology, and 5) goals. At the center of the research design are the research questions. The different components are connected to and from the center. Two-way arrows indicate an interactive relationship where each component influences and is influenced by the others.

Component B is a summary of the conceptual framework chapter; it emerges from three areas of scholarship and practice, with the literature on NGO management as the underlying foundation: 1) Hirschman's (1970) self-interest theory which is used in Phase I of the dissertation, 2) resource dependence theory (Pfeffer and Salancik 1978), and 3) theory of weak ties (Granovetter 1973, 1983), both of which are employed in Phase II. The overarching focus of this dissertation is to explore the responses of environmental NGOs in Lebanon to shifts in donor funding. The shifts resemble a change in the quality of the relationship between an NGO and a donor: when an NGO becomes dissatisfied with the course of action the donor takes, it adopts a certain response. This observation brings Hirschman's (1970) individual self-interest theory into the discussion.



Source: Based on the Interactive Model of Research Design (Maxwell 2005).

Figure 1.1: Research Design

Hirschman (1970) argues that an individual consumer seeks a service that is in his/her best interest. If the service provider demonstrates a decrease in quality or associated benefit in the service it provides, then the consumer might consider declining the service and shopping elsewhere (*exit*). The consumer can attempt to repair or improve the relationship through exercising *voice* and communicating a complaint or a proposal for change to the organization. Nevertheless, there are consumers who are attached to a product or its provider and decide to continue purchasing the service despite dissatisfaction (*loyalty*). Scholars have moved beyond individual consumers and used Hirschman's (1970) typology in studies of various types of organizations, especially NGOs (e.g., Pickvance 1987; Ebrahim 2003b; Ishkanian 2006; Benjamin 2008). Phase I of the dissertation applies Hirschman's typology to environmental NGOs in Lebanon.

Resource dependence theory (RDT) (Pfeffer and Salancik 1978) and the theory of weak ties (Granovetter 1973, 1983) provide explanations for variation in NGOs' responses. RDT suggests that organizations are resource-insufficient and rely on external stakeholders who control resources and make certain demands on the recipient organization; the heavier the dependence of the organization on external resources, the more influential the demands of the donors are (Oliver 1991; Pfeffer 1982; Pfeffer and Salancik 1978). Since NGOs deal with volatile needs and demands, and face instability in the flow of internal revenues, they often heavily rely on external funders (Bebbington 2004; Saidel 2000).

Granovetter (1985) argues that organizations are embedded in “a wide variety of networks that both constrain their actions and provide them with opportunities to achieve their goals” (Guo and Acar 2005: 348). Networks are constructed relationships and ties between actors; these ties are either strong or weak (Granovetter 1973, 1983). Strong ties form a dense network with redundant relations, close interaction, and resource sharing, while weak ties characterize an open network with more entities, less frequent interactions, and less restricted behaviors (Granovetter 1973, 1983). The focus here is on the structure of relationships or, in other words, the relational context (Rowley 1997).

In Phase II, the dissertation provides a mechanism for describing the simultaneous effects of the organization’s dependence on external resources and its ties within a network, and for predicting an organization’s response to a change in the external environment—in this research, a shift in donor funding. The purpose here is to put forward certain propositions based on theoretical arguments made in this dissertation. These propositions are then translated into testable hypotheses.

The methodology (Component D) applied in this dissertation consists of a mix of qualitative and quantitative network analysis. Phase I of the dissertation uses an exploratory approach, drawing on qualitative analyses of multiple case studies. Data collection consisted of 30 semi-structured interviews with representatives of NGOs, donors, and experts, as well as document analysis and focus groups. Results from different sources were compared and triangulated to ensure consistency, reliability, and validity. Data analysis relied on process tracing (Checkel 2007; Pierson 2000; Schutt

2009) and discourse analysis (Johnston 2002; Neumann 2008), which are commonly used in the qualitative social science research to analyze processes and understand variations in interpretations (Capoccia and Kelemen 2007). The purpose of using these approaches is to develop some typologies and to arrive at more generalizable conclusions about the modes of decisions NGOs might resort to in response to shifts in donor funding.

The explanatory approach in Phase II relies on network analysis as a methodology (Diani 2002; Knoke and Yang 2008; Scott 2000; Tichy, Tushman and Fombrun 1979). Network analysis involves mapping and analyzing different attributes and measures within networks; in this case, the network analysis focuses on environmental NGOs in Lebanon and their stakeholders. Several techniques, including surveys and desk research, are used to carry out this exercise. Finally, multinomial regression analysis is used for hypotheses testing. All of the analytic techniques overlap and supplement each other, and help to ensure validity and accuracy.

Component C considers validity issues and other design limitations. One limitation is the researcher's bias, which in this case could be heightened because the research is conducted in the researcher's native hometown (Beirut, Lebanon). I have work experience in the Lebanese NGO sector and connections with many local organizations. The research methodology imposes several measures to control for the researcher's bias. A second design limitation is that the descriptive nature of social network analysis is not necessarily statistically testable, although it does allow for a deeper understanding of interactions. A longitudinal study would be ideal, as network analysis would then clearly

reveal how the behavior of an organization changes as it moves in and around the network, close to or away from the center. Steps to address these limitations and other threats to validity are discussed in subsequent chapters.

Another issue of concern is the confidentiality and privacy of informants. Key stakeholders in NGO-donor relations are representatives of NGOs and donor agencies in Lebanon; other stakeholders are experts on the NGO sector and representatives of government agencies. The research is designed in a way that respects the best interests of stakeholders and does not jeopardize current relations. Procedures to ensure ethical conduct by the researcher and confidentiality of identity and information are integrated into the study.

Finally, there is the limitation of generalizability. Two issues are important here. First, the research focuses on one industry within the NGO sector—the environment. Nevertheless, this does not mean that NGOs operating in other industries are substantially different in their behaviors. Second, the research focuses on Lebanon, and variations in recipient countries' conditions, whether historical, political, social, or cultural, and in donor countries' ideologies and interests might limit the applicability of this study in other developing nations. However, other studies (Bebbington 2004; Loung and Weinthal 1999; Stiles 2002) exhibit similar trends among NGOs in other developing countries or regions (Latin America, Kazakhstan, and Bangladesh, respectively), thus reducing concerns about generalizability based on this issue.

The goals of this research (Component E) are inherently related to the central research questions. Two goals are identified. The first is to capture NGOs' responses to shifts in donor funding in a comprehensive/rigorous conceptual framework. The second is to provide a better understanding of variables underlying differences in NGOs' behaviors. These goals are shaped by aspirations for NGOs to regain agency in the volatile political economy of aid relations, beyond polarized perspectives of NGOs being either 'good' or 'bad' (Hemment 2004).

The previous sections related the study to a larger context, framed the challenges, presented and explained the main research questions, and sketched the research design. The last section outlines the organization of the dissertation.

ORGANIZATION OF THE REMAINDER OF THE DISSERTATION

The dissertation focuses on both theory-developing and theory-testing, and is accordingly composed of two parts or phases. Phase I seeks to answer the first research question: How does a funding-dependent NGO react to a decision by a donor to change funding objectives? This phase is exploratory and applies Hirschman's (1970) typology. Phase II seeks to answer the second research question: Why does an NGO react in one way or another? This explanatory phase offers a potentially powerful explanation of the forces and factors that influence NGOs' behaviors and decisions by integrating resource dependence theory (Pfeffer and Salancik 1978) and the theory of weak ties (Granovetter 1973, 1983). Phase I is covered in Chapters Two through Four and Phase II in Chapters

Five through Seven. Chapter Eight provides a concluding discussion and directions for future research. Each chapter is discussed briefly below.

Chapter Two reviews the relevant literature on which Phase I of the dissertation draws. The chapter commences with the conceptual framework that guides the research. It moves into a full review of the relevant literature on NGO-donor relations, relying on the broader context of the aid industry and management discussed earlier in this chapter. Hirschman's (1970) typology of *exit*, *voice*, and *loyalty* is then elaborated. Its application to organizations (as opposed to individual consumers) is justified and relevant research findings are discussed.

Chapter Three lays out the qualitative methodological approach. The discussion of the research methodology includes an overview of the research design, the researcher's ontological and epistemological orientation, and issues of subjectivity. A full explication of the research design is provided, from data generating, to the selection of cases and informants, and to the methods of analysis. Ethical considerations and other concerns about the protection of human subjects are presented, particularly with respect to the Institutional Review Board process. Limitations of the research design for reliability and validity are weighed and explained. Finally, the chapter concludes with a summary of the significance of this research for the field.

Chapter Four provides the analysis of Phase I of the dissertation. Using the qualitative data to augment the literature review on NGOs, the chapter positions Hirschman's (1970)

typology at the heart of the analysis and explores Lebanese NGOs' behaviors in a changing environment of shifts in donor funding. The chapter presents brief profiles of four environmental NGOs in Lebanon and then reports and analyzes findings from the field based on qualitative data collected through in-depth semi-structured interviews. Using process tracing, the analysis outlines the decisions or responses of each NGOs at critical junctures in their funding relationships with donors. Based on an analysis of these profiles, the chapter then proposes a modified Hirschman's (1970) typology as a comprehensive framework that could capture variations in NGOs' responses to shifts in donor funding. The four elements of the framework are expanded and justified based on additional evidence from the field, collected through interviews with representatives of other NGOs and experts. The chapter concludes with additional analyses of alternative responses and processes.

Chapter Five marks the beginning of Phase II of the dissertation. It provides a comprehensive review of two theoretical perspectives on organizational behavior: resource dependence theory (Pfeffer and Salancik 1978; Pfeffer 1982) and the theory of weak ties (Granovetter 1973, 1983). These two theories provide the conceptual constructs embedded in this phase of the research. In addition to reviewing the literature on these two theoretical perspectives, this chapter reviews the conceptual framework and provides propositions about variations in NGOs' behavior or responses to shifts in donor funding. The chapter also generates an integrative theory based on the two perspectives. The integrated theory is articulated and verified through scoping out specific relevant cases drawn from the qualitative data.

Chapter Six moves into the explanatory phase of the dissertation. It discusses the dependent and independent variables, as well as the respective measurements that are used in the network analysis. Additional details about the network analysis are also covered, and visual diagrams of the networks of the NGOs and their stakeholders are used in descriptive analysis. The limitations of this research methodology are also discussed.

Chapter Seven reviews the results of the explanatory analysis, which seeks to test and verify the integrated theory of how NGOs respond to changes in their resource environment. Specifically, the key hypothetical arguments that underpin the integrated theory are tested using multinomial regression based on measurements derived from the network analysis. The main findings are discussed and alternative or competing explanations are considered.

Chapter Eight, which concludes the dissertation, serves multiple purposes. First, the chapter reprises the conceptual framework. Second, it highlights the main contributions of the research study. Finally, it expands on unexpected results and basic limitations and suggests areas for future research.

CONCLUSION

This dissertation approaches the study of NGO-donor relations through an examination of NGO reactions to changes in donor funding. The research responds to the need for in-depth understanding of NGOs' desires for more effective relationships and greater

balance between the interests and agendas of both parties. The research is grounded in NGO management, and the research questions derive from Hirschman's (1970) typology, resource dependence theory (Pfeffer and Salancik 1978), and the theory of weak ties (Granovetter 1973, 1983). The research adopts a mixed-methods combining qualitative and network analysis elements.

CHAPTER TWO: CONCEPTUAL FRAMEWORK AND LITERATURE REVIEW

INTRODUCTION

As explained in Chapter One, this dissertation explores NGO responses to changes in their resource environment. The first phase focuses on the impact of shifts in donor funding on NGO decisions and behaviors. Qualitative data will show how Hirschman's (1970) typology could be modified and applied to explain the variation in organizational responses. The second phase of the dissertation proposes a new theory that integrates resource dependence theory (Pfeffer and Salancik 1978) and the theory of weak ties (Granovetter 1973, 1983) to explain variation in organizational behavior. Network analysis provides preliminary data to test that new theory.

The conceptual framework for this dissertation is bounded by scholarly inquiry and policy debate and action on NGO-donor relationships and the consequent implications on NGOs' governance and management. Figure 2.1 shows the theoretical domains: Hirschman's (1970) self-interest theory, Pfeffer and Salancik's (1978) resource dependence theory, and Granovetter's (1973, 1983) theory of weak ties. The chapter delves first into scholarly debates about the NGO-donor relationship and then discusses Hirschman's (1970) self-interest theory. The other two theoretical domains are discussed in Chapter Five and mark the beginning of the second phase of this dissertation.

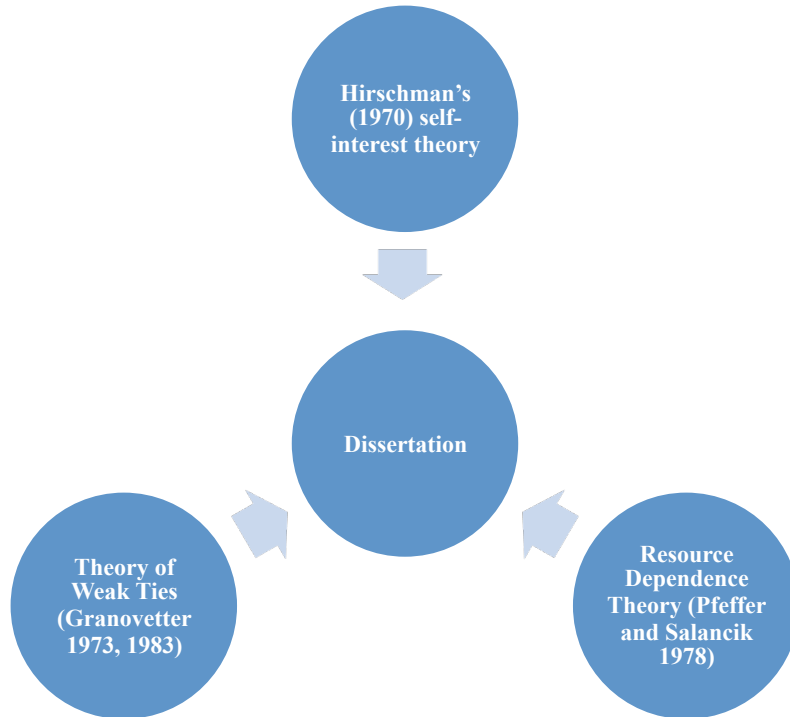


Figure 2.1: Theoretical Domains

SCHOLARLY DEBATES ON NGO-DONOR RELATIONS

Approaches to development have evolved from simply looking at economic growth to also accounting for social and human development. This was reflected in the shift of foreign assistance to developing countries from meeting basic human needs in the 1970s to good governance, which has been dominant since the late 1990s (Hook 1995). The alternating approaches to development, and consequently the flow of foreign aid to developing countries, have been associated with a resurgence of NGOs.

Development of NGOs' Role and Number

Two indicators of this resurgence are the amount of money being channeled through NGOs and the exponential growth in the number of these organizations in developing countries. As a matter of fact, “the proportion of total aid from member countries of OECD channeled through NGOs rose from 0.7% in 1975 to [...] at least 5% in 1993-94” (Edwards and Hulme 1996: 962). In monetary terms, if military assistance is excluded, by 1999 around 22% (US\$12.4 billion) of the US\$46.6 billion of Organization for Economic Cooperation and Development (OECD) aid assistance was transferred through NGOs in developing countries. In early the 1990s, 50% of the World Bank’s project funds and 40% of USAID’s project funds were channeled through these organizations (Kakarala 2001). Illustratively, “if the nonprofit sector in [the 35 countries covered by the John Hopkins research project] were a separate national economy, its expenditures would make it the seventh largest economy in the world” (Anheier and Salamon 2006: 95).

The numbers of NGOs in developing countries have also been growing. From 1990 to 1993, the number of NGOs in Nepal increased by 450%, from 220 to 1,210, and in Tunisia, the number of NGOs increased by 175% from 1,886 in 1989 to 5,186. The growth in both countries reflected a ‘donor spending spree’ (Edwards and Hulme 1996: 962). In Egypt, the number of NGOs more than doubled from 7,593 in 1976 to 16,000 in 1999 (Abdelrahman 2004), while in Armenia, they increased by 100 times from 44 in 1994 to 4500 in 2006 (Ishkanian 2006). At the international level, there were 1,987 active international NGOs in 1960; the number increased to 9,937 in 1981 and jumped to 25,269 in 2000 (Boli 2006).

Channeling of aid assistance through NGOs is not a new practice. Although Germany claims to be the originator of the idea in the 1970s, it was not until the World Bank Board of Directors adopted a policy to forge partnerships with NGOs in 1981 that donors started redirecting their funding from the national governments to local NGOs in developing countries. Over time, development initiatives have led to four successive generations of NGOs: relief and welfare, small scale local development and empowerment, institutional and policy change and, most recent, complex networks and international and national advocacy (Fowler 1997).

The decision resembled a political statement of distrust in the capabilities and integrity of the official apparatus (Mitlin, Hickey and Bebbington 2007). Succinctly stated, “the government is seen by many as a source of problems rather than as a solution [...] favoring political ends rather than development concerns” (Kharas 2007: 4). NGOs became the favored alternative for a number of reasons. First, advocates of this approach argued that NGOs are able to efficiently deliver results at a cheaper cost than the private sector and with less coordination expenses than the government. Second, NGOs are able to more readily accommodate donor preferences than are governments (Stiles 2002). Third, NGOs’ values also make them natural vehicles of inspired change. These organizations are perceived to be the ‘good guys’ with whom donors could partner to reinstate the legitimacy of assistance in developing countries. Finally, it is easier for funders to dissolve a government-NGO or donor-NGO relationship than it is to dissolve complicated and binding bilateral government-government or donor-government

agreements (Smith and Lipsky 1993; Robinson 1995; Edwards and Hulme 1996; Kharas 2007; Van Rooy 1998; Thomas 2008).

Impulses of Development

Three main impulses in the policy environment have shaped the NGO sector worldwide and stimulated its evolution. The first impulse is globalization. The end of the cold war led to the rise of a multi-polar world with several international forums for communication. Vast developments in technology and communication have also propelled globalization. These developments opened a global organizational space for interaction and activism (Anheier and Salamon 2006; Boli 2006). The integration of a global culture of universalism and world citizenship became dominant; a new class of educated elites frustrated by lack of political and economic opportunities emerged. The ideology of global corporations and market capitalism expanded to “[undercut] traditional social institutions that might offer potential resistance to powerful market forces and weaken[ed] support of state institutions that might tax capital on behalf of disadvantage” (Anheier and Salamon 2006: 105).

The second impulse is democratization and social capital. Studying government decentralization in Italy, scholars concluded that political stability, government effectiveness, and economic growth were higher in regions where civic engagement and levels of trust were also higher; these features were traced back to the presence and activism of voluntary associations in Northern Italy (Putnam, Leonardi, and Nanetti 1993). NGOs’ role in building social capital has become consequential; they are

increasingly considered to be a social capital asset, particularly in terms of “bonding” social capital (Bryce 2006).

The third impulse is a growing emphasis on efficiency and effectiveness. The motive here is arguably the availability of different alternatives and choices to citizens. Under the New Public Management paradigm, government is to steer rather than row and provide public services through outsourcing and/or partnerships. NGOs were identified as alternative providers of public services, and particularly services pertaining to social-welfare problems (Osborne and Gaebler 1992; Terry 1998; Pearce 2000; Kettl 2002). Thus, NGOs were pulled into market dynamics and found themselves at the center of debates about the role of government.

Within this last impulse lie recent efforts made by industrial countries to harmonize development assistance and make donor aid more effective and responsive to the needs of developing countries. Such efforts came in response to growing public scrutiny of development assistance. Two key milestones are the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008). These efforts focused on adhering to and applying the principles of local ownership, national priorities and development strategies, harmonization of donor practices, mutual accountability, and results management. It is expected that these efforts will result in more authentic, realistic, and sustainable development, as well as a more effective aid process.

The Nature of the NGOs-Donors Relationship

One of the peculiarities of development is the reliance on international donors for policies and funding. Development managers in developing countries, including NGOs, face a critical dilemma. They must maintain a consistent stance on values that emphasize self-determination, empowerment, and an equitable distribution of benefits, while also acting to fulfill the political agendas of donors who act on their own national interests (Hook 1995; Brinkerhoff and Coston 1999; Martens 2008). This dilemma dominates the NGO-donor relationships.

Approaches to the Relationship

It is hard to make generalizations about the nature of the relationship between donors and their recipient local partner organizations. NGOs play many roles in the relationship, such as implementers of donors' policies and programs, catalysts of change in their respective communities, and partners in the development process and aid industry (Carroll 1992; Evans 1996; Lewis 2001). Although the degree of agency and autonomy varies among these categories, donors usually dominate the relationship.

The supply-led approach is the most dominant in the donor-NGOs relationship. Donors have interests to accommodate besides those of their beneficiaries (Martens 2008). In the realist perspective on foreign assistance, precedence is given to the donor's national interests. Development assistance and aid policies are seen as tools for implementing the foreign policies of donor countries. Easterly (2007) argues, "the prevalence of ineffective plans is the result of Western assistance happening out of view of the Western public"

(17). In their study on who gives to whom and for what, Alesina and Dollar (2000: 55) confirm that aid allocations are “very effective at promoting strategic interests [of donors], but the result is that bilateral aid has only a weak association with poverty, democracy, and good policy.”

Mitchell (1991) argues that development is crippled by those who claim to support it. Donors situate themselves outside of the local context, while in reality they are an integral part of it. Specifically, donor agencies approach recipient countries as objects and conceive themselves as outsiders “[standing] above the map... to measure and make plans” (Mitchell 1991: 30). Not only are donor agencies acting as governmental organizations executing the policies of their countries, they are also key players in shaping the national policies of aid recipient countries. Donor agencies shape the national policies of recipient countries directly and indirectly by negotiating priorities and controlling aid. They also establish direct and indirect partnerships and networks with local actors, which leads to, in some cases, the introduction of programs and strategies at odds with the local environment, and in other cases, the reinforcement of existing social and economic inequalities.

The process of goal displacement can be insidious. Bebbington (2004) uses the term ‘intentional’ development to describe international aid channeled into programs with specific goals set by donor agencies and their partners—including NGOs. Carothers and Ottaway (2000) note that the donors follow the same approach everywhere; funding objectives are created in donors’ headquarters, a completely different context and

environment than where programs will be implemented (Lindenberg and Bryant 2001). Some of the assistance programs take what the local people are familiar with and actually know and formulate it into well-developed ideas that appeal to funding strategies and fit within current development paradigms. The local people become sole recipients of assistance instead of being the agents of change (Schlesinger 2007: 60).

This is coupled with changes in the political economy of aid. Development assistance retains a spotlight in the international policy agenda, but must jockey for resources and attention amidst concerns around peace, security, and anti-terrorism (Bryant and Kappaz 2005). The general commitment to aid is being challenged. With a new global poverty agenda, countries had to review their funding strategies and aid distribution (Bebbington 2004; Malhotra 2000). NGOs had to 'explore market-based approaches to development' to sustain funding for services provision. More emphasis has been placed on the scrutiny of funds, and consequently on demonstrating evidence about the impact of development programs.

Arguably, the intended result was to quickly find success stories, satisfy the interests of donors, and demonstrate impacts to secure additional funding. However, some argue that these funding procedures and evaluation requirements incentivize 'quick wins' and 'low-hanging fruit' rather than investments that will yield more effective results over the long run (Robinson 1995; Brinkerhoff and Coston 1999). These views align with Bebbington's (2004) criticisms and Easterly's (2007) observation that donors opt for non-risky and

low-return interventions that are highly visible to their constituencies as a means of protecting the development industry.

In one example of implementing agencies and fund-recipients, western donors launched the ‘NGO-isation’ of Kenyan society “as part of an ambitious attempt at societal engineering to redefine the central relationships between the state, society and external actors” (Hearn 1998: 90). NGOs have become more motivated to demonstrate some impacts and satisfy their funders (Schlesinger 2007); they became less encouraged to expand their networks or localities of services or to reach the less poor (who are usually less accessible). Bebbington (2004) duly describes geographies of development intervention, where development becomes concentrated in the areas where intervening NGOs have already established networks. The result is that the same group of people is continuously targeted with development initiatives, limiting the breadth of impact. Development does not have the snowball effect that is hoped for.

This effect has become more evident as social and economic exclusion has become complexly intertwined with the geopolitical priorities of peace and stability (and counterterrorism); all of these priorities are now presented as a single, integrated package in development initiatives (De Haan and Maxwell 1998; Bryant and Kappaz 2005). Many donors condition their assistance on how funding is dispersed, who is going to benefit—or more likely who should be excluded—and how programs are implemented (Chambers and Pettit 2004). Many observers would link the purpose of selecting a certain locale or a specific program to the source of funding; had it been a different funder, the targeted

group and/or area would have been different. This political sensitivity of foreign aid undermines sustainability of efforts (Basombrio 2000). Again, it is a challenge to reconcile foreign assistance agendas and procedures with what is actually needed to promote socio-economic status of the beneficiaries (Brinkerhoff and Coston 1999).

The second approach in the donor-NGOs relationship is the demand-led model. Golub (2000) calls for more “home-grown ideas of individuals and organizations most likely to blend dedication, innovation and flexibility” (158). After all, “development happens mainly through homegrown efforts” (Easterly 2007: 29). In a demand-led model, NGOs assume responsibility and take the initiative in designing and presenting their agenda and preferences; donor agencies would then place “consolidated resources at the disposal of local institutions that decide on and own the uses to which they are put” (Edwards, Hulme and Wallace 1999: 123). This recipient-donor approach is a process of mutual learning, transparency and participation, and equal partnership (Ottaway 2000; Doornbos 2003).

The demand-led model in the donor-NGO relationship is participatory. Participation challenges any monopoly in development and plays an essential role in creating local buy-in, targeting efforts to community needs, enhancing chances of sustainability and appropriateness of initiatives, and ensuring the voice of NGOs and their accountability to beneficiaries (Escobar 1995; Michener 1998; Scott 1998; Doornbos 2003; Easterly 2007; Chambers 2007). In this approach, “NGOs appear rather immune to strategic considerations, as the influence of the institutional donor that funds them is very weak

[...] and seem to keep up their promise of being advocates of the poor and vulnerable” (Nancy and Yontcheva 2006: 16). This approach has received less attention compared to the supply-led approach, since, admittedly, it is rare in the world of development aid.

The Management of the Relationship

According to Lewis (2001), NGOs face a challenge in the management of their inter-organizational relations, as they need to develop relations where they can both influence and be influenced by others. Accordingly, the management of donor-NGO relations can yield rigid patterns of partners and priorities.

The dominant supply-led approach in the donor-NGOs relationship has serious management implications for NGOs. A salient feature of the relationship is the role of intermediaries (Van Rooy and Robinson 1998; Stiles 2002; Martens 2008). In several cases, Northern NGOs are brought into the ‘aid chain’ to serve as a link between the donor and the recipient organizations, while indigenous intermediary NGOs “usually act as brokers with local groups at the grassroots level” (Smith 1998: 217; Oller 2006). On one hand, intermediary NGOs carry out activities, provide technical assistance, help build the capacity of domestic organizations, and buffer the demands and render advice on implementation to the donors. On the other hand, a hierarchy is erected in the aid industry: “such relationships are usually vertical or of the ‘patron-client’ type, as Northern NGOs are not willing to decentralize decision-making or allow negotiation among the parties” (Koslinski and Reis 2009: 716). Such a hierarchy entails a certain degree of control over the flow of resources, as well as the exchange of information, and

imposes additional overhead costs as the recipient country becomes oversaturated with Northern NGOs and their foreign personnel or local staffs who are attracted away from the NGO and public sectors (Smillie 1995; Smith 1998; Lister 2000; Sanyal 2006; Birdsall 2008).

Furthermore, the dire economic situation in developing countries increases the supply of qualified human resources. With the availability of funding, local NGOs recruit and train personnel at competitive rates mainly to solicit grants (Henderson 2002; Petras and Veltmeyer 2001). There are several associated risks in such an approach. First, the donors have come to satisfy “an economic survival strategy for many middle-class intellectuals and professionals” (Ishkanian 2006: 737), which makes it hard for organizations to resist donors’ interests. Second, as Knack and Rahman (2008) reprove, less qualified personnel are available to the public sector. Third, there is an overlooked aspect of internal power struggle within the NGOs between grant writers and fund solicitors on the one hand, and employees and volunteers who have been with the organization for extended period working at much lower rates on the other. Fourth, there is a revolving door between local NGOs and donor missions or intermediary organizations; the donors become interested in recruiting qualified local staff experienced in the NGO sector and can provide inside information and insights (Stiles 2002). In short, in addition to their financial autonomy being jeopardized, NGOs risk losing their human capital.

Another implication is that the relationship is principally one-way: NGOs serve as contractors to donors for their preferred channel of funding (Vakil 1997). There has been

a huge push on behalf of donors towards professionalism in the NGO sector in developing countries. Professionalism comes in different forms and shades: standardization, planning, evaluation, monitoring, and reporting (Mawdsley, Townsend, Porter and Oakley 2002; Wallace, Bornstein, and Chapman 2006). While the push was framed in terms of promoting greater managerial and policy expertise for NGOs, and transparency and efficiency in the appropriation of funding, several studies showed that NGOs were diverted from their main focus to attend to these time-consuming, culturally-insensitive, and complicated quantifiable data systems and procedures, which together depleted good intentions or purposes (Antrobus 1987; Carroll 1992; Perera 1997; Carothers and Ottaway 2000; Henderson 2002; Markowitz and Tice 2002; Jellinek 2003; Martens 2008).

It is often overlooked that the aid chain in itself is set up in a way that undermines effectiveness and transparency. Svensson (2008) argues that there is a broken feedback loop between beneficiaries in developing countries who receive the aid and taxpayers in developed countries who fund aid. This broken loop allows donor agencies to manipulate information and exaggerate results and success stories to satisfy their voters and elected officials (Easterly 2007). The same argument can be made down the aid chain. There is a broken loop between donor agencies and beneficiaries, regardless of the donors' strong presence in the recipient country. NGOs serve as brokers and benefit from the broken loop to magnify and exalt the work they are doing and the impact the donor funding is generating (Ebrahim 2005b).

Dependency Trap and Uncertainty in the Relationship

Some argue that the donor-NGO relationship becomes trapped in dependency, where the same funder continues to work with the same group of NGOs (Bebbington 2004; Hearn 1998). This aid cycle becomes exclusive and restricted. More alarming is the fact that “poverty concentration is not the primary factor determining the geographies of the resource flows” (Bebbington 2004: 733).

The geographies of NGO interventions have become further restricted (Bebbington 2004); policies intended to serve the poor and needy became watered down so as to include some benefits for the better off, and/or to have those benefits diverted away from the poor during implementation. The interest in immediately quantifiable outcomes and small superficial changes dilutes attention from quality of results, long-term sustainable impact, and systemic changes (Lindenberg and Bryant 2001; Markowitz and Tice 2002). Barr and Fafchamps’s (2006) research on Uganda and Fruttero and Gauri’s (2005) work on Bangladesh show a clustering of NGOs and their interventions. Koch, Dreher, Nunnenkamp, and Thiele (2009) confirm Bebbington’s (2004) observation in their study on the allocation of projects by NGOs. The authors conclude that NGOs do not complement, but rather replicate, the work of national governments; more importantly, they follow other NGOs, resulting in aid being clustered.

Stiles’s (2002) research on NGOs in Bangladesh provides more support to the argument that NGOs have become part of ‘transnational networks’ that traverse national and geographical boundaries. Institutional histories (including religious missionaries),

political tendencies and ideologies, personal relations, and social networks have led to the inclusion of these local organizations, along with international donor agencies and various domestic private organizations, in what Stiles (2002) identifies as the ‘intermestic development circles’. These social structures gradually emerge from an initiation stage to institutionalization and finally to maturation.

The initiation stage is characterized by bargaining and negotiation, and usually potential conflict and disputes. Each side expresses interests and outlines goals through projects. Donors always want to do more with less, while NGOs aim for more with more (Stiles 2002). Institutionalization is characterized by basic contract arrangements when the donor approves funding and the NGO commences to work on a project that is monitored and evaluated by the donor. NGOs are driven toward institutionalization, bureaucratization, and professionalization, reflecting donors’ practices in terms of managerial accounting and reporting systems. More important is the development of personal relations between donors and NGOs, and donors’ attempts to bridge partner organizations and encourage them to collaborate (Chambre 2001; Ebaugh, Chafetz, and Pipes 2005; McCarthy 2004; Vanderwoerd 2004).

The prolonged relationship of ongoing interaction and coordination signals a possibility to move to the maturation stage, a stage that often distinguishes among so-called ‘donor darlings’ and ‘donor orphans’ (Koch et al. 2009). This stage of maturation is distinguished by a coherent social structure that separates itself from the rest of society. All members of the donor-NGO circle undergo certain changes to fit within the emerging

structure; however, the degree of change is relative. Donors must reposition themselves to accommodate the demands of others members; however, the change they undergo is subtle compared to that initiated by domestic organizations. Stiles (2002) calls this change the ‘universalization of like-mindedness’, where the policies and objectives of donors and domestic organizations start to converge or reflect each other.

On the receiver end, NGOs are compelled to dramatically transform their operation and organizational cultures to the extent that they lose much of their local identity, as well as their touch with constituents. For example, Chambre (2001), Ebaugh, Chafetz, and Pipes (2005) and Vanderwoerd (2004) argued that faith-based organizations did not only adopted professional practices but also became more secular due to reliance on external funding. The further down the maturation stage, the less is the ability of these NGOs to work on their own and compete for resources. Participants in the circle become relatively less attached to actors that are peripheral to the circle (Stiles 2002). The circle then gets smaller, rotating around only a few of the many players. With the convergence of donor objectives, these organizations inevitably merge or form a long-term consortium to do work.

Inconsistency in the Relationship

Within this dependency lies inconsistency. The NGO-donor relationship is especially volatile because of the inconsistency in donors’ funding and the consequent confusion and instability among partner organizations. Landell-Mills (1992) emphasized that “external funding should always take the form of supplementary assistance and ought

never be the main source of what is needed” (Landell-Mills 1992: 554). Otherwise, the sustainability of the organization becomes highly questionable.

In developing countries, “donors develop their programs, preferences and priorities and revise them at an ever-increasing pace, while (at best) NGOs try to figure out how they might fit in or if they meet the criteria underlying the latest preoccupation of donors” (Doornbos 2003: 15). This tendency is also found in developed countries among philanthropic foundations that “shift funding priorities rapidly and dramatically on a continuing basis, leaving funded agencies in the lurch” (Grønbjerg, Martell and Paarlberg 2000: 25). Frequent fluctuation in funding priorities entrenches uncertainty in the surrounding environment of the NGOs and leads to additional pressure on and confusion among these organizations (Degnbol-Martinussen and Engberg-Pedersen 2003). Extant research on nonprofits has noted the incongruence between the goals of nonprofits and the interests of funders, whether corporations or individuals or governments (Alexander 1996, 1998; Barman 2008; DiMaggio 1986a, 1986b; Edwards and Hulme 1996; Grønbjerg 1993; Milofsky and Blades 1991; Ostrander and Schervish 1990). This incongruence might be on basic issues such as the format and content of museum exhibition (Alexander 1996) or on substantial policy options such as fighting health epidemics (Morfit 2011).

The consequences take different forms. As the disjuncture between the interests of nonprofits and funders increases, the flexibility and discretion of allocating resources that the funder used to enjoy further expand (Alexander 1998; DiMaggio 1986a, 1986b).

Another consequence is the drive towards changes in the governance, management, and culture of recipient organizations. Here we are talking about the adoption of professionalism in the work of nonprofits (Mawdsley, Townsend et al. 2002; Wallace et al. 2006), changes in governance structure (Guo 2007), and modifications in organizational culture (Chambre 2001; Ebaugh et al. 2005; Stiles 2002; Vanderwoerd 2004). Another consequence of the incongruence between funders' interests and nonprofits' missions is a growing trend toward 'designation', by which a funder earmarks or specifies where the contribution is to be spent and which beneficiaries are to be targeted, instead of allocating an unrestricted grant (Barman 2008; Grønbjerg et al. 2000; Helms, Henkin, and Murray 2005). Such a practice is at the heart of international development assistance, evidenced through the conditionality of grants in terms of targeted (and excluded) beneficiaries and locales and types of services to be delivered or brands of products purchased (Basombrío 2000; Brinkerhoff and Coston 1999; Chambers and Pettit 2004). The most critical consequence is that as the NGO adjusts and conforms to the agendas, expectations, and interests of donors, it loses touch with its mission and constituency. Froelich (1999) defines this practice as goal displacement, which "occurs when goals and activities are modified to satisfy the wishes of contributors" (250).

When an NGO shifts its programs to appeal to and appease the donor's appetite, its role and practices are "determined ... by donor fashion and demands according to ideas and designs imposed and imported from outside" (Edwards, Hulme and Wallace 1999: 130). Despite an NGO's candid emphasis on or attempt to serve beneficiaries, NGOs' reliance on foreign resources shifts their sights and priorities to align with donor interests

(Chambers and Pettit 2004). In the expressively titled article, 'AIDS is Money', Morfit (2011) asserts that to maintain credibility and viability among international donors, Sub-Saharan African NGOs had to 'do AIDS' because this was the priority of international funders. While the status of these NGOs rose vis-à-vis other organizations working on other sectors, attention was also diverted away from other critical problems faced by African communities (Morfit 2011). Thus, when the NGO sector becomes heavily dependent on donor agencies, such as in Kenya where 90% of NGOs' funds come from foreign aid (Hearn 1998), NGOs find themselves in a dependency trap; "they needed the financial resources provided by donors in order to survive" (Bieber 2002: 27).

Because they are dependent on inconsistent donor funding, NGOs have to struggle with balancing normative development imperatives and institutional imperatives. Most theories on nonprofits (Weisbrod 1977, 1998; Hansmann 1980, 1996; Salamon 1999; Wagner 2000; Clemens 2006; Smith and Grønbjerg 2006;) directly or indirectly highlight a normative imperative as a bottom line approach that compensates for the failures of other sectors, empowers marginalized groups, encourages voice, focuses on stakeholders, highlights flexibility and risk taking, and invests in impact-oriented programs towards long term goals that ensure sustainability and critical mass. However, institutional imperatives lead to a hierarchical relationship, with bureaucratization and duplication of initiatives, falloff in flexibility and innovation, a compromised ability to articulate ideas and values, a critical suspicion by and isolation from local interests, loss of small-scale comparative advantage, and conflicting accountability mechanisms (Sanayal 1997; Carothers and Ottaway 2000; Edwards 2008).

The abundance and inconsistency of funding constitute a twofold risk. Abundance of funding might attract “unscrupulous organizations possessing agendas which are antithetical” to donors’ priorities or to the community’s needs and interests (Robinson 1995: 76). Inconsistency in funding exhausts NGOs and forces them to pay attention to donors rather than to their consistencies. Here is the problem. NGOs could capture the voice of the people instead of echoing that voice (Edwards and Hulme 1996; Edwards 2008).

Edwards (2008) uses the ‘elephant in the room’ metaphor to describe the current situation of the NGO sector. Basically, foreign aid channeled to and through NGOs might become oversized—like an elephant in a small room. It is hard to get the elephant out of the room and a challenge to deal with the elephant inside the room. I invite you to use some imagination here. If the elephant does not move, we should be concerned; but if the elephant does move, then we have a problem: we need to see where and how it is moving to know how we should move and where we should position ourselves.

This simple analogy is what this dissertation tries to unveil. If a donor agency (the elephant) decides to switch or shift the focus of its funding (move) as it clearly does, how does an NGO working with that donor react? How does the NGO move, and where does it position itself? Two assumptions are recognized here. First, the ‘elephant’ metaphor does not suggest there is one single elephant. Typically there are multiple donor agencies operating on the same ground at the same time. The second assumption is that with

several elephants in the room, the distance from these elephants is not the same. It is very likely that an NGO takes different positions vis-à-vis different donors; after all, there is a certain degree of uniqueness in organizational relationships. Nevertheless, there might be a certain degree of correlation between these relationships.

Brouwer (2000), Doornbos (2003), Hanafi and Tabar (2003), and Rahman (2006) make the argument that shifts in donor funding have transformed the NGO sector in developing countries. The transformation is perceived as being holistic and deterministic in that a single NGO cannot swim against the flow and has to exhibit the same behavior as others. However, this might not be—and is more likely not—the case. One way to understand NGOs' behavior is to consider shifts in funding as a form of deterioration in a relationship between a consumer (NGO) and a producer (donor). Consequently, this dissertation—and the following section—turns to Hirschman's (1970) individual self-interest theory.

INDIVIDUAL SELF-INTEREST THEORY: EXIT-VOICE-LOYALTY

Forty years after its publication, A.O. Hirschman's (1970) *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States* retains popularity, potency, and simplicity in its ability to explain discontent with and deterioration in existing personal, professional, organizational, and economic relationships. According to Hirschman (1970), to address a decrease in quality or associated benefit of a certain service provided by an organization, an individual can exit, express voice, or remain loyal. These responses are discussed below.

Exit and Voice

Given a deteriorating quality services or benefits provided by an organization, Hirschman's (1970) typology postulates that an individual customer can make the neat and impersonal decision to *exit*: that is, the customer can use the market to defend her/his welfare and shift to another organization. Alternatively, rather than to escaping from it, the consumer can attempt to repair or improve the relationship by exercising *voice* and communicating a complaint or proposal for change to the organization.

Hirschman (1970) equates *exit* primarily with market systems and *voice* primarily with political systems, but finds applications and combinations of the two concepts in both fields. *Exit* is favored by economists as a predictable, individual, self-interested choice, while *voice* is a political action par excellence; moreover, *exit* is a dichotomous variable, while *voice* is a continuous variable (Dowding, John, Mergoupis and Van Vugt 2000). More specifically, "voice is a far more messy because it can be graduated [...]; it implies the articulation of one's critical options rather than a private secret vote" (Hirschman 1970: 16).

Although *exit* is the more dominant response, both reactions are of strictly equal rank and importance. This creates tension between *exit* and *voice* in several cases. To Hirschman, *exit* and *voice* are not always available simultaneously. When both options exist, *exit* will be more likely affected by the perception of effectiveness of *voice* as an option. If consumers are "sufficiently convinced that voice will be effective, then they may well

postpone exit... [T]herefore, exit can also be viewed as depending on the ability and willingness [...] to take up the voice option... Once you have exited, you have lost the opportunity for voice, but not vice versa” (Hirschman 1970: 37). Gehlbach (2006) agrees: “the more discontent is dissipated through exit from the organization, the less likely it is to manifest itself in voice within the organization” (Gehlbach 2006: 395). In short, selecting *exit* because it is an easier and less costly response means that consumers will not have the opportunity to become familiar with and practice *voice* as a mechanism for expressing discontent (Dowding et al. 2000; Light, Castellblanch, Arredondo, and Socolar 2003).

The Choice between Exit and Voice

The choice of mode between *exit* and *voice* depends to a large extent on the elasticity of demand for a particular product or service; “if demand is inelastic then the exit signals of consumers’ concerns about quality deterioration will not appear; if demand is very elastic and exit too spontaneous the firm may not have time to react before bankruptcy” (Dowding et al. 2000: 470). Other factors affecting the choice between exit and voice include: the stage and form of deterioration in product quality or relationship; the readiness to trade certainties of *exit* with uncertainties of *voice*; the extent of dedicated investments and opportunities; the availability (or lack) of standards and mechanisms for interfacing with the organization; the availability and access to information by consumers or members; the price of entry and reentry; and the penalty for a certain response or behavior (Dowding et al. 2000; Farrell and Rusbult 1981; Gehlbach 2006; Hirschman 1970; Light et al. 2003; Matland 1995; Nooteboom 1999). To illustrate, using game

theory to analyze the collapse of East German communism, Gehlbach (2006) explains that the high cost associated with expressing *voice* and discontent in East Germany (execution or concentration camps) outbalanced the life-threatening risk of crossing the Berlin Wall to the West (the penalty on *exit*). In West Germany, those immigrants automatically became normalized citizens and were allowed to retain their language and culture; the price of entry was low.

The choice is also dependent on available capabilities. *Voice* requires bargaining power and the accessibility of various mechanisms, such as access to and availability of information, adequate communication structures, and a certain degree of trust and openness (Hirschman 1970; Nooteboom 1999; Dowding et al. 2000; Gehlbach 2006). Hirschman (1970) argues that in developing countries, for example, *voice* is less practiced due to such factors as limited choices and scarcity of resources and information (Hirschman 1970). On another hand, Groenewegen (1997) makes the observation that the “exit model applies, to a greater or lesser extent, to Anglo-American countries, and the *voice* model applies, to a greater or lesser extent, to continental European countries and Japan” (Groenewegen 1997 in Nooteboom 1999: 846-7). This is due to differences in the legal, economic, and market structures among the countries, although globalization makes this distinction increasingly blurry.

Specifically, the less significant factors impeding *exit* as an option, the less likely *voice* will be used; “exit drives out voice and assumes a disproportionate share of the burden involved in guiding the firm back to efficiency after the initial lapse” (Hirschman 1970:

120). In some cases, Hirschman argues, *voice* is a complement of *exit*; in other cases, it substitutes for *exit*. *Exit* can increase the effectiveness of *voice* because it increases bargaining power. Members of an organization can manipulate management by threatening to exit the organization if the situation does not improve; they can also use the *exit* decision of another member to their benefit to exert such pressure (Farrell and Rusbult 1992; Dowding et al. 2000; Light et al. 2003; Gehlbach 2006). *Voice*, hence, is most effective when “backed up by the threat of exit” (Hirschman 1970: 82).

Nevertheless, management may not concede but rather encourage *exit* for two reasons. First, management is interested in reducing pressure from within; by encouraging *exit*, internal demands drop. Second, if we buy the argument that threatening to *exit* increases *voice*, management should also be interested in the threat being ignited to a certain limit to restore *voice* among members (Gehlbach 2006).

However, one should be careful here. The distinction between *exit* and *voice*, as alternatives, is not always sharp. Three arguments are made towards this end. First, referring to the literature on whistle blowing, Hoffmann (2006) provides evidence of the tension between *voice* and *exit*. Dissatisfied members of an organization attempt to remedy the situation from the inside through expressing *voice*, but might then go outside the organization and whistle blow (Hoffmann 2006; Kato 1998). It is not clear here whether *voice* becomes a pure form of *exit* and consequently demonstrates a destructive attitude among members who practice *voice* by going outside the organization (*exit*) to whistle blow.

Second, Gehlbach (2006) draws on the case of East Germany before the fall of Berlin Wall to argue that *voice* and *exit* could develop simultaneously; this is specifically the case when private information supposedly restricted to leaders becomes public in a way that “the leadership’s response to exit may provide information about its willingness to crack down on voice” (Gehlbach 2006: 412). Consequently, both modes (exit and voice) are shaped and refined by the public.

Third, Dowding and colleagues (2000) assert that *exit* and *voice* are not exclusive. Some people exit by practicing *voice* or practice *voice* by exiting to express their complaints; voice through whistle blowing is a good example here (Hoffmann 2006; Kato 1998). Therefore, there is not as clear a line between *voice* and *exit* as Hirschman (1970) wanted to draw. This issue is exacerbated because Hirschman (1970) focuses more on the behavior as an outcome and unit of analysis and not as a process leading to the outcome. People may try and move between modes of behavior. They may choose *voice* first and wait to see if they were successful in conveying their complaints (Rusbult, Farrell, Rogers, and Mainous 1988; Withey and Cooper 1989; Dyck and Starke 1999). That is why Dowding and colleagues (2000) propose a decision tree to understand the deliberative process and not just the modes of actions and to analyze the final outcome and associated repercussions (Light et al. 2003). The point of departure should be *voice*, since practicing *exit* does not require further action by the organization.

Loyalty

In addition to *exit* and *voice*, Hirschman (1970) acknowledges a third distinct behavior: *loyalty*. There are consumers who are attached to a product or its provider and decide to continue pursuing the service despite any dissatisfaction; they “suffer in silence, confident that things will soon get better” (Hirschman 1970: 38). This behavior is called *loyalty*. *Loyalty* “means strong attachment to an organization that does not seem to warrant such attachment because it is so much like another one that is also available” (Hirschman 1970: 81).

Hirschman left his discussion of *loyalty* underdeveloped, opening the door for a continuous debate on the concept. Scholars do not see eye to eye on this specific mode (Dowding, et al. 2000; Whitney and Rusbelt 1995; Gehlbach 2006; Leck and Saunders 1992; Organ 1988; Withey and Cooper 1989). Hoffmann (2006) succinctly summarizes the debate: “sometimes loyalty is defined as a possible action, while others read *loyalty* as a contingency that shapes outcomes, rather than an outcome itself” (2314).

Referring to Hirschman’s (1970) statement that “a member with a considerable attachment to a product or organization will often search for ways to make himself influential” (77), Dowding and colleagues (2000) argue that there are two concepts of *loyalty* that are inherently different: ‘loyalty to a product’ and ‘loyalty to an organization’ (476). One major difference between attached to a product and being attached to an organization has to do with the associated dynamics of exit and voice. Even if one is attached to a product as a matter of preference, an alternative to that particular product is

likely to be easily found; thus, a smooth and silent *exit* is both possible and practical. In contrast, it is not as easy to forge a new relationship with another organization; thus, *voice* is a more practical option. These associated dynamics and implications prompt reconsideration of *loyalty* as a mode of reaction.

Leck and Saunders (1992) explicate interpretations of *loyalty* and suggest renaming it as patience. In their view, *loyalty* could be an attitude that deters *exit* and promotes *voice* or a distinct behavior that results from dissatisfaction, not different from *exit* and *voice*. In the first case, a consumer who is loyal to a producer is more likely to be inclined to work on remedying a deteriorating situation through expressing *voice* than switching to another producer (Withey and Cooper 1989). In the second case, *loyalty* is a much more passive behavior of blind commitment and personal investment in the organization or product (Rusbult, Zembrodt, and Gunn 1982). However, the dispute of *loyalty* as an alternative to exit and voice remains; “loyalty is less visible than the other responses” (Drigota, Whitney, and Rusbult 1995: 596), especially when the focus is on behavioral responses to dissatisfaction rather than on the psychological conditions that more adequately characterize *loyalty* (Withey and Cooper 1989). *Loyalty* should thus be understood as both; it helps to redress the balance between *voice* and *exit* as much as it characterizes a distinctive reaction (Hirschman 1970: 80). This interpretation becomes clearer in the concept of unconscious loyalist behavior that is “free from felt discontent [and] will not lead to voice” (Hirschman 1970: 91). Unconscious loyalist behavior is highly prized by organizations.

Finally, Hirschman (1970) “is concerned with the interrelationships of these options and asks whether pursuing the *voice* option diminishes the possibility of adopting the loyalty option” (O’Leary 2006: 13). *Voice* and *loyalty* are far from independent. On one hand, “the likelihood of voice increases with the degree of loyalty” (Hirschman 1970: 77); on the other hand, the distinction between the two becomes blurry when “the conviction that one has to stay on to prevent the worst grows stronger all the time” (Hirschman 1970: 103). This is evident in behaviors that are best described as opportunistic or when “loyalists are especially vocal” (O’Leary 2006: 13). However, *loyalty* impedes *voice* when the cost of *exit* is much greater, as the management of an organization does not find the need to concede to complaints; it is when “loyalty is associated with less costly exercise of voice [that] members may be better off if they are more loyal” (Gehlbach 2006: 397).

Exit-Voice-Loyalty In Application

The *exit-voice-loyalty* (E-V-L) typology has been broadly adopted with respect not only to the economic market but also to sociopolitical values. The typology is frequently used in studies of democracy, participation, and decentralization (Ackerman 2004; Andrews 2005; Dowding and John 2008; Feld 1997; Hirschman 1978; 1980; 1993; Moynihan 2007; Paul 1992; Sharp 1984, 1986; Wilson and Taub 2006). For more elaboration, please refer to Appendix A.

The E-V-L typology became very popular in the field of human resources management, specifically when Farrell and Rusbult (1981) and Farrell (1983) studied employee

dissatisfaction. The typology then witnessed two major modifications. First, the typology was extended beyond external organizational relationships, and applied to internal organizational relationships between management and labor, (Nooteboom 1999). Second, Farrell and Rusbult (1981) and Farrell (1983) expanded the typology by adding *neglect*. *Neglect* is defined as “passively allowing conditions to deteriorate through reduced interest or effort, chronic lateness or absences, using company time for personal business, or increased error rate” (Farrell and Rusbult 1981: 202). Such a behavior leads to “developing negative attitudes to the partner or relation” (Dowding et al. 2000: 480), which makes *neglect* closer to *exit* than to *voice* (or loyalty).

Rusbult and Farrell (1982) and Rusbult and Zembrodt (1983) pointed out three determinants of employees' response to dissatisfaction: 1) the degree of satisfaction prior to the emergence of the dissent; 2) the size of investment in the job; and, 3) the presence of other alternatives. The authors postulate that greater prior satisfaction and greater personal investment in the job will encourage *voice* and *loyalty*. On the other hand, the presence of good alternatives provides opportunities for dissidents to engage in *exit* and *voice*, since they will not be risking much of their security. This modified four-fold typology has been used extensively to study employee dissatisfaction using different models. The typology was further applied to romantic relations (for more, see Boroff and Lewin 1997; Farrell 1983; Farrell and Rusbult 1992; Hoffmann 2006; Rusbult et al. 1982; Rusbult, Johnson, and Morrow 1986; Rusbult, Farrell, Rogers and Mainous 1988; Rusbult, Verette, Whitney, Slovik, and Lipkus 1991; Withey and Cooper 1989).

O’Leary (2006) also revisits the typology in her book, *The Ethics of Dissent: Managing Guerrilla Government*. The author argues that the dissent among public managers yields a range of responses that are not captured by the modified typology. Specifically, the conflict resolution literature suggests several additional responses to bad situations, including avoidance, or not taking action; collaboration, through negotiation or third-party mediation; appeals to a higher authority, for example by referring the problem up the chain of command; and unilateral power plays, exemplified by physical violence, strikes, and so on. Finally, O’Leary (2006) suggests guerrilla government as a mode of response to dissent (O’Leary 2006: 97). There are bureaucrats who neither quit their jobs nor express their complaints internally or publicly; they are also not loyalists, passively waiting for things to get better or passively detached from what is going on around them. Rather, some bureaucrats are guerrillas, working against decisions and orders from within. According to O’Leary (2006: 90), guerrilla government is here to stay and its “potential power to influence policy and programs is immense” (O’Leary 2006: 90).

In an attempt to further understand the typology and the interrelation of the various modes of behavior, Lyons and Lowery (1986; 1989) find that the mode of behavior varies in two ways: 1) the type of behavior (i.e., active or passive) and 2) the tendency or type of expected attitudes (i.e., constructive or destructive). In terms of behavior type, *exit* and *voice* require active behavior, either to stop the relationship or to communicate *voice* through participation or voting. *Loyalty* and *neglect* demonstrate passive behavior and are possible with minimal effort on the behalf of a dissatisfied consumer or member; a local resident does not need to participate in local elections—or any other form of

engagement—to express *loyalty* or *neglect*. These modes of behavior also differ in their expected attitudes. *Exit* and *neglect* are negative or regime/organization-destructive since they do not enhance the relation or the situation. *Voice* and *loyalty* are positive or regime/organization-supportive since they are hopeful and reflect faith in the possible reverse in the organization's decline (Dowding et al. 2000; Dyck and Starke 1999; Lyons and Lowery 1986).

The juxtaposition of the types of behavior and expected attitudes produces a matrix with the four modes along two dimensions: active-passive and constructive-destructive. According to Rusbult and colleagues (1991), “constructiveness/ destructiveness refers to the impact of the response on the relationship, not to its effect on the individual [and] activity and passivity refers to the impact of the response on the problem at hand, not to the character of the behavior itself (Rusbult et al. 1991: 54). In this matrix, *voice* is considered active-constructive; *exit* is active-destructive; *loyalty* is passive-constructive; and *neglect* is passive-destructive. While this matrix has been widely used and praised, it does not dismiss the possibility that *voice*, for example, might be destructive when aggressively expressed, and that people can also *exit* one underprivileged social group to move up in social mobility (Dowding et al. 2000). Moreover, Gammage (2004) argues that the typology is uniquely gendered. Women are challenging traditional gender roles in Haiti and contributing to an emerging transnationalism by practices of *exit* through migration and expressions of *voice* and *loyalty*.

In terms of nonprofits, Hirschman (1970) considers these to be examples of organizations where both *exit* and *voice* are strongly practiced by members (Hirschman 1970: 121).

Pickvance (1987) refers to the typology to understand the relationship between the state and nonprofit organizations through funding cuts of local governmental expenditures in Britain. These findings reveal that perceptions of cost associated with *exit* and *voice*, and not actual cost, hinder nonprofits' ability to exercise these responses.

Elsewhere, the typology is partially utilized; Ebrahim (2003b) and Benjamin (2008) use the typology to understand the NGO relationship with donors. Making sense of NGOs accountability, Ebrahim (2003b) asserts that NGOs are limited to *exit* and *voice* as the only mechanisms they use with donors; *voice* is expressed through exchange of information and *exit* is practiced through suspension of funding. Benjamin (2008) considers *exit* to be a consequence of funders rejecting the accounting records of grantee-organizations, whereas *voice* is neither an option nor a consequence. Finally, Anderson (2007) studies choices of humanitarians under 'tainted' political and military conditions. *Exit* and *voice* are both available to humanitarian workers and volunteers. This availability creates a potential of increasing the capacity of these human elements towards exerting influence and improving the situation for those living under oppressive or inhumane arrangements.

More Variations on Exit and Voice

Hirschman's (1970) typology continues to witness further elaboration, with scholars developing several variations, especially around *exit* and *voice*. Dowding and John (2008)

and Farrell and Rusbult (1992) explored mild variations of *exit* through the practice of *voice*, for example threatening to exit or expressing the intent to exit. Hirschman (1970: 86) offers boycotting as an example of a “phenomenon on the borderline between voice and exit.” Boycotting is used by consumers who are dissatisfied with a certain relationship, but do not have available alternatives. The clearest example is with certain public goods that are impossible to *exit*, such as security or education. In some cases, boycotting involves practicing loud *voice* to express dissatisfaction and force the organization to take actions. In other cases, boycotting leads to loud *voice* followed by *exit*—such is the case of whistle blowing, which begins with voice and becomes a pure form of *exit* (Hoffmann 2006).

Similarly, Lehman-Wilzig (1991) and Mizrahi and Meydani (2003) entertain the idea of ‘quasi-exit.’ In some cases, the inability to exit or express *voice* leads those dissatisfied with the efficacy of public goods to create an alternative supply source. An illustrative example is Mizrahi and Meydani’s (2003) work on the political role of the Supreme Court in Israel. The authors observe the behavior of citizens who no longer use or believe in the efficiency and efficacy of democratic practices, and who are definitely unable or unwilling to exit the society. Those citizens use legal channels to express dissatisfaction and to reverse the decline in the political system. Instead of using available processes and participating in elections, dissatisfied citizens partially exit these common political mechanisms and instead appeal to the courts for a specific and explicit purpose. This quasi-exit creates a substitute supply of a certain public good, i.e., democracy, to accommodate dissatisfaction and demands (Mizrahi and Meydani 2003).

Variations of *voice* have also been generated. Several probes of this mode of behavior have been undertaken, using different approaches. The first approach is based on the reaction of the management. In their study of breakaway organizations, Dyck and Starke (1999) present multiple forms of *voice*: 1) a *tolerated voice* when complaints are welcomed by leadership or management and dissidents are actively participating and involved in finding remedies; 2) a *resisted voice* when management rejects complaints and dissidents; and 3) a *militant voice*, which reflects the emergence of conflict in the relationship.

A second approach is based on the level of formality. Olson-Buchanan and Boswell (2002) examine unfair treatment at work among a sample of university staff employees. The authors note the practice of two forms of *voice*: formal and informal. *Formal voice* is channeled through organizational structures and hierarchies to directly reach management. *Informal voice* is the expression of dissatisfaction to colleagues, which may or may not indirectly reach management. These two forms of voice differ in terms of the degree of allegiance to the organization and the underlying conditions of the workplace. Employees who are committed and can endure the working conditions may prefer informal methods to express discontent. This situation reflects a lower intention to engage in job search activity and to quit (Olson-Buchanan and Boswell 2002).

A similar approach is based on the direction of communication. O'Donnell (1986) compares '*vertical voice*' and '*horizontal voice*'. The former involves communicating

and complaining to peers and colleagues, which may then transform into the vertical voice, or communicating and complaining up the chain of command. Vertical voice is sometimes called *organized voice* (Light et al. 2003) or *collective voice*. Dowding and colleagues (2000) make the distinction between individual *voice*, which reflects “actions where the intention of the individual in acting is to bring about the desired effect solely through that action” and collective voice which reflects “actions where the intention of the individual in acting is to contribute to the desired effect through that action” (473). Hirschman (1970) did not consider collective action in his original explanation of the E-V-L typology; however, revisiting this issue, Hirschman (1986: 82) wrote, “horizontal voice is a necessary precondition for the mobilization of vertical voice.” The logic of collective action highlights heterogeneity among consumers or members of an organization (Dowding and John 2008). “Individuals differ both in the value they attach to *exit* [...] and in the share of the cost of collective action [...] that they bear in the development of voice” (Gehlbach 2006: 411).

The perception of the management or leadership here is critical. The management or leadership can develop different reactions for each organizational member, and the multiple reactions might be used for the benefit of the organization, for example, by using the different modes of behavior to play members against one another. To demonstrate, Dyck and Starke (1999) used two cases to study the processes leading to group *exit* and the formation of breakaway organizations. In their research, the authors find that members of organizations come together to express *exit*, *voice*, or *loyalty*. The logic of collective action can find a place in Hirschman’s typology. The results show the

possibility of applying the typology to the group level of analysis, and not just to the individual level. Therefore, the behaviors of organizations—namely behavior of NGOs in their relationships with donors—that fall under the group level of analysis can be explained using the typology of *exit*, *voice*, and *loyalty*.

CONCLUSION

Scholarly debates on NGO-donor relationships suggest that NGOs are trapped in a financial dependency while they try to serve their local constituents. Nevertheless, there are sincere attempts—and mounting hopes—for a breakout. A window of opportunity opens when a donor decides to shift its funding focus in a particular developing country. Hirschman (1970) would perceive this window as deterioration in the relationship between a customer (i.e., an NGO) and a producer (i.e., a donor) and prescribe *exit*, *voice*, and *loyalty* as three possible modes of responses. Chapter Four is dedicated to identifying and developing a framework for the various NGO responses to shifts in donor funding. First, however, Chapter Three explains the exploratory research approach used in that endeavor. Exploratory research “seeks to find out how people get along in the setting under question, what meanings they give to their actions, and what issues concern them. The goal is to learn what is going on and to investigate social phenomena without explicit expectations” (Schutt 2009: 14).

CHAPTER THREE: CONTEXT AND METHODS

INTRODUCTION

In the preceding chapter, I laid the foundation for a better understanding of organizational behavior as reflected in NGOs' responses to shifts in donor funding. Donors develop policies and priorities and revise them at an ever-increasing pace; NGOs must then figure out how to adapt to the revisions and how to meet the new criteria of donor funding. Yet not all NGOs respond in the same way; the next chapter applies Hirschman's (1970) *exit*, *voice*, and *loyalty* typology to explain the variation in NGO responses this dissertation focuses on. This chapter explains the research design that is used for that application.

First, I present in detail the qualitative research approach and analytical methods used in this dissertation. I begin by describing the contextual background, specifically focusing on Lebanon and its NGO sector. Second, I explain the exploratory and qualitative orientation of the research. Third, I explain the case study approach. Fourth, I present the methods for data generation, a term more suitable than "data collection" because a qualitative researcher is not so much "looking for what is already there" but rather seeing what will emerge from researcher-informant interaction (Mason 2002). Fifth, I discuss data analysis and ethical considerations. I conclude with a discussion about potential methodological limitations.

LEBANON

Lebanon is relatively a small country in the Middle East with an area of 4,035.5172 square miles and a population of around 4 million (CSA 2007). Due to its geographical location, Lebanon has served as a bridge between the East and the West. This fact, coupled with the country's limited natural resources, has shaped Lebanon's service-oriented economy. The country also enjoys a higher level of freedom and liberties compared to other countries in the region (AbouAssi 2006).

Lebanon is a struggling democracy. Popular elections are held every four years, although representation is based on religious proportional divisions. The country has witnessed a series of political tumults and security unrests, earning it a ranking between 132 and 134 among all countries of the world on the Global Peace Index (GPI) since 2008.

Democracy is manifested through the freedoms and liberties Lebanese enjoy in a neighborhood of dictatorships and oligarchies. Lebanon recognizes the rights of association and expression. Associations can be formed easily and function without direct control or supervision by the government. Citizens are engaged in wide array of civic activities, including demonstrations and strikes. Lebanon has one of the most active media sectors in the region. There are tens of newspapers, hundreds of journals, and dozens of local TV stations and other broadcasting companies in the country.

Lebanon is a developing country with a weak economy. The Lebanese economy is service-oriented with a strong commercial tradition and heavy reliance on tourism. The

country also heavily relies on external sources of revenues rather than on nationally generated tax revenues; this is reflected in the foreign currency debt, which totaled US\$21.25 billion in 2008. Around 9% of that debt is in the form of foreign loans and more than 65% is in market-issued treasury bonds. In periods of crisis, foreign funding takes the forms of grants or soft loans. Following the 2006 summer war, US\$590.2 million was pledged for relief and reconstruction efforts in the form of grants and US\$121 million in the forms of soft loans.

Added to this, widespread corruption in Lebanon exacerbates the nation's vulnerability. The public sector has been perceived with distrust, in part because nepotism, favoritism, and bribery are common practices for which there is no control or reprimand. The public sector is oversized, with many vacancies and a high average employee age; many ministries are unable to perform duties effectively due to lack of human and technical resources or due to duplication of work and authorities.

In light of this brief country background (supplemented with more detailed information in Appendix B), one can argue that both the political and economic situations in Lebanon are ripe for work by NGOs. The political theoretical perspective of nonprofits underscores political liberties and freedoms of speech and association as the basis for NGO sector growth (Brown and Kalegaonkar 2002; Clemens 2006). Lebanese society enjoys a degree of freedoms and liberty predicted by the social culture of communal support and solidarity (AbouAssi 2006). The economic demand model for nonprofits contends that offsetting the failures of one sector leads to the evolution and growth of

another (Hansmann 1980, 1996; Smith and Grønbjerg 2006; Steinberg 2006; Wagner 2000; Weisbrod 1977, 1998). Lebanon has experienced market and government failures when both government and the private sector were unable to meet societal demands during the civil war (1975-1990). NGOs took over the delivery of services, including some public goods such as education and health. Lebanon continues to face a failure in trust when the government is perceived with suspicion and alienation. NGOs are in a suitable position to fill that void.

Despite this national context, however, readers should not be deterred from trying to replicate this research in other contexts. On the contrary, the purpose of discussing the unique political and economic situation in Lebanon (and the different features of the NGO sector in the next section) is to pave the way for the possibility of replicating and comparing findings for the purposes of broader generalization.

NGO SECTOR IN LEBANON

Lebanon has a vibrant and dynamic NGO sector, with roots tracing back to the late 19th century. During the country's civil war (1975-1990), with a shattered public bureaucracy, NGOs assumed primary responsibility for most service provision (AbouAssi 2006: 23). In general, the number of registered NGOs is around 5,000, although only 700 organizations are active on a regular and sustained basis (AbouAssi 2006: 26). Lebanese NGOs are active in all aspects and domains of public life, including, for example, the environment, women's rights, democracy, animal rights, technology, and consumer

protection. In this subsection, I address NGOs' governance, management, programs, human resources, financial resources and inter-organizational relations.

NGO Governance

Lebanese NGOs are membership-based, which means that a group of individuals come together to form an organization with membership open to others (Moukheiber 2004).

The organization does not necessarily serve the interests of its members only, and might also work for the broader public benefit. The members of an organization form its general assembly, which elects an administrative committee to serve as the decision-making authority in the organization.

The formal NGO registration process is fairly simple and inexpensive. NGOs are legally required to submit written mission statements to the Ministry of Interior. Specialization in NGOs is rare; thus mission statements are typically left as broad as possible (El-Haraka 2004; Moukheiber 2004). It is easier to have a general mission statement than to go through the bureaucratic process of revising it at the Ministry, noted one interviewed expert in the NGO field. Beneficiaries, staff, and volunteers do not necessarily know a particular NGO's mission, and often the NGO either does not have an organizational structure or its existing structure does not fit the stated mission and goals.

Eighty-two percent of NGOs have an elected leadership (AbouAssi 2006). However, this is associated with several setbacks. Most NGOs do not separate the chair of the administrative committee position from the executive director position (Baroud 2004).

Leadership succession planning is not established nor properly understood among most NGOs. The chair remains the same for several terms or the ratio of turnover in elected offices does not exceed 25% at any election. The role of the administrative committee is fulfilled by a 'ruling core', which "turns many Lebanese NGOs into entities run like personal businesses" (UNDP 2009: 18).

The CIVICUS 2006 report on the state of civil society in Lebanon reveals that 36% of the Lebanese population are members of NGOs, with only 3% belonging to environmental NGOs (AbouAssi2006). The depth of participation in Lebanese NGOs can be understood through the role of members and the responsibilities of the general assembly. Members of only 53% of NGOs have substantial influence on decision-making processes (AbouAssi 2006). They are mainly expected to attend public activities and contribute financially through membership fees. However, members do not fully commit themselves to the goals of the NGO. Many members do not attend meetings or pay membership fees. They serve a ceremonial role (UNDP 2009), which explains some of the challenges encountered by the NGOs studied in this dissertation. As for the general assembly, its focus is on electing the administrative committee and approving the annual report and budget (Baroud 2004). The responsibility to hold management accountable or to provide guidance to the organization is not recognized (UNDP 2009).

The diversity of participation is linked to the form the membership takes. In many cases, membership in Lebanese NGOs is limited and based on religious and political affiliation or is selective and conditional (AbouAssi 2006). Some NGOs are hesitant to expand their

membership basis, fearing the possibility of takeover by or dominance of politicized members. These organizations are interested in maintaining the ‘homogenous core’ that gathered around a common goal and worked with the NGO (UNDP 2009). Other NGOs are so concerned with maintaining the internal power base that membership is further restricted only to newcomers who express loyalty. This has resulted in the exclusion of marginalized groups such as women or people with disabilities (AbouAssi 2006; UNDP 2009).

Management and Programs

Management and governance are not clearly separated in the majority of Lebanese NGOs. It is common for some NGOs to employ incumbent members of the executive committee (the governing body) as full-time staff. This sacrifices separation of authorities and intensifies conflict of interests. The situation is exacerbated by the absence of written managerial procedures, the lack of program performance appraisals, and non-transparent budget expenditure systems and reporting (AbouAssi 2006; UNDP 2009).

Many NGOs claim their projects are tied to their mission. However, “the value and clarity of programs implemented today was dependent on the clarity by which the mission was laid out at the time of the NGO’s establishment” (UNDP 2009: 24). Since many missions are originally vague or have become outdated, the link between an NGO’s mission and activities is more likely to be loose, and the synergy between activities more likely to be lacking. In many cases, the integration of project design and selection into the mission is “compromised to suit the requirements of potential donors or to allow for the

implementation of activities that will maintain the NGO's presence and visibility" (UNDP 2009: 15). Moreover, most NGOs lack strategic plans; very few have carried out such an exercise in the past few years, and when they did, the exercises were generally funded by donor agencies (UNDP 2009).

The real challenges to Lebanese NGOs are twofold: 1) their inability to adopt systematic participatory approaches in their work and 2) the absence of needs assessments. NGOs often claim they are consulting with and involving their beneficiaries, and in a few cases, some participation mechanisms are in place. However, the effectiveness of this whole approach is questioned. One expert in the NGO sector in Lebanon stated, "I do not see how an NGO can claim its beneficiaries are participating when the mechanism in place is on its website and most of its beneficiaries are poor people in remote areas" (personal communication). On the other hand, needs assessment studies are costly and NGOs do not have the human or financial resources to implement such studies given that donor agencies prefer to allocate funding to on-the-ground activities, rather than to research studies (AbouAssi 2006; UNDP 2009; personal communications).

Human Resources

The CIVICUS 2006 report also notes that Lebanese NGOs have barely adequate human resources. Only 56.5% of NGOs have paid staff, with the average number of staff in standing at 10. Others rely exclusively on volunteers (AbouAssi 2006). The NGO sector offers easier access to jobs compared to the public or private sectors in Lebanon; however, salaries are relatively less competitive and benefits are limited (Helou 2004). A

career path does not exist within the sector, and shifting employment between NGOs is criticized. Some NGOs prefer contracting staff on a project-by-project basis to avoid paying the required social security allowances. “People use the sector as a trampoline; they join an NGO to develop skills and contacts and gain experience while serving a cause; then they move to another sector” (personal communication). Thus, in general, there is no interest among NGOs in recruiting highly qualified staff; qualified people are usually attracted by international organizations or donor agencies (AbouAssi 2006).

The majority of NGOs do not implement proper human resource management (Masri 2008; UNDP 2004). A human resource policy either does not exist or is not shared with staff. Staff is hired in non-transparent processes and without clear job descriptions, formal inductions, or even employment contracts. NGOs do not usually invest in human capital. Staff is somehow marginalized; they are not usually involved in decision-making; training is not planned according to needs, but rather is assigned on an ad-hoc basis— influenced by either personal favoritism or staff availability regardless of position, skill, or training compatibility (AbouAssi 2006; UNDP 2009; personal communications).

Volunteering has cultural roots in the Lebanese society, related to the value of solidarity and the social obligation of involvement in the local community. In general, 57% of the Lebanese have done volunteer work, but not necessarily on a regular basis or within the framework of an organization (AbouAssi 2006). However, NGOs have a multi-faceted volunteerism challenge. There is a poor understanding of the concept of volunteerism. Some NGOs do not rely much on volunteers in their activities; others are not active in

recruiting volunteers. The management capacity of NGOs that attract volunteers lags behind the supply of volunteers. There is a great confusion about how to treat and manage volunteers versus staff. Thus, in general, volunteers are underutilized resources (UNDP 2009).

Financial Resources

One of the distinctive features of Lebanese NGOs is their ability to secure funding from various sources, including international donors, without any interference or control from the central government. The major sources of funding for Lebanese NGOs are membership fees, international donors, and government (Helou 2004). The percentile distribution of these financial resources should be looked at with scrutiny, taking into account an influx of donor money due to increased interest in Lebanon for various political and economic reasons. UN agencies have a strong presence in Lebanon, along with bilateral donors including the Canadian International Development Agency (CIDA), the Department for International Development (DFID), the European Union (EU), the United States Agency for International Development (USAID), the Italian Cooperation, and other international organizations. As donors prefer to work with NGOs rather than the government “which is often thought to be a drain on funds” (AbouAssi 2006), many local organizations try to diversify and tap these different sources of funding, but at the expense of their own internal revenues.

Lebanese NGOs manage a financial portfolio of more than one billion US dollars a year (excluding periods of emergencies such as the 2006 War)² (AbouAssi 2006; Masri 2008). These financial resources come from a range of different sources. As Figure 3.1 indicates, estimates reveal that in 2007 international donor funding was the largest single source of NGOs' revenues (Masri 2008). This is the result of international donors' preference for dealing with and channeling aid and assistance to NGOs rather than to the public sector (AbouAssi 2006). Combined internal resources (e.g., membership fees, service fees, and product sales) were about 38% of the total resources, with the rest of funding coming from donations, government, and other sources.

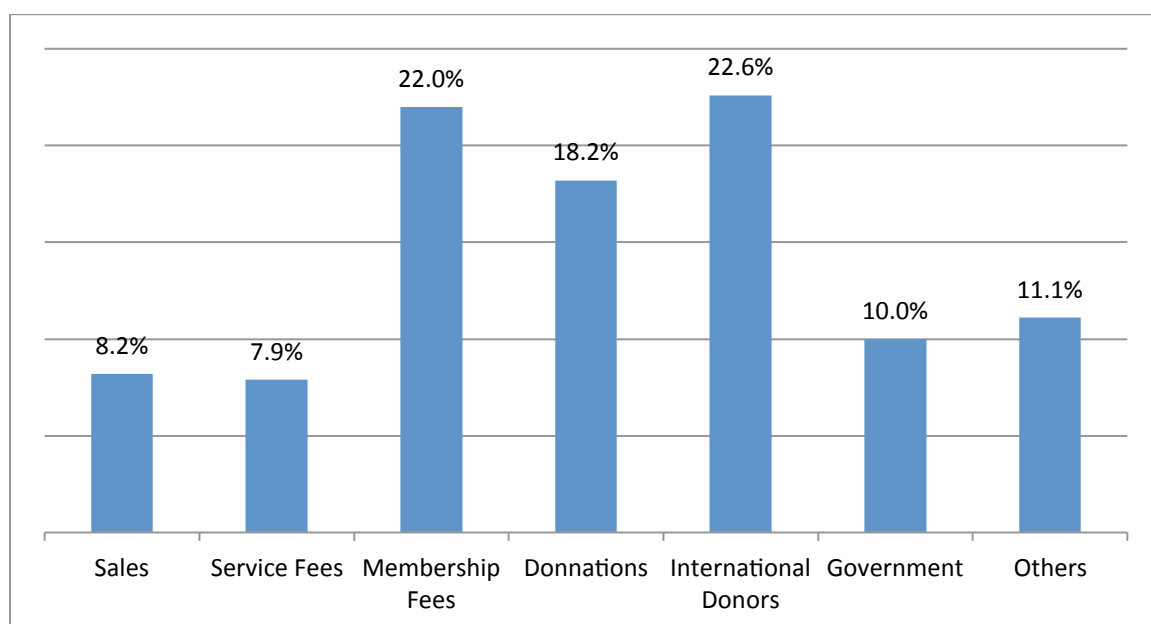


Figure 3.1: Percentile Distribution of Lebanese NGOs' Revenues by Source of Funding

² The accumulated budget of social welfare NGOs is five times the budget of the Ministry of Social Affairs (AbouAssi 2006). The 2009 national budget allocates US\$694.283 million for education, US\$293.165 million for health and US\$127.144 million thousands for social services out of the total US\$10.869 billion.

Private funding does not exceed 10% of NGOs' financial resources (Masri 2008). The Lebanese income tax law, issued in the 1950s and now outdated, does not incentivize private philanthropy. Because it specifies the types of NGOs which one can donate to and receive a deduction, new forms of NGOs are automatically excluded. Further, individuals or corporations benefit from the exemptions if they contribute up to 10% of their net annual profit (or 1 out of 1000 of their gross annual profit in some cases) as long as the exempted donations do not exceed a fixed amount of \$10 (AbouAssi 2006). The value of \$10 in today's market is not worth the cost of the bureaucratic transactions to get tax exemptions.

However, individual donations, including the Lebanese Diaspora, political contributions, and religious giving, provide NGOs with around one fifth of their revenues (Masri 2008). Charitable giving has a long history in Lebanon. According to the CIVICUS 2006 report, 71% of Lebanese donated money or made other contributions to charity at an average of US\$ 136 per year, with more than one third of the citizens donating less than US\$ 50. With an estimated individual annual income of \$8,336, this average constitutes 2% of a citizen's income (AbouAssi 2006). It is a common practice for individuals or families to give in-kind or monetary donations to organizations (and individuals) as social obligations or religious duties, especially during religious feasts. That is why religious organizations receive the bulk of charitable donations, which questions the civic motivation behind charitable giving versus obligatory religious titles.

According to the Capacity Assessment Report (UNDP 2009), these sources of funding are classified according to 1) easiness of accessibility and reporting, and 2) associated conditions or expectation. ‘Easy funding’ requires no managerial structure, since there is open and direct access; no monitoring and reporting on funding is necessary, and therefore accountability is weak. Easy funding appears to constitute the majority of funding for community-based organizations, in both rural and urban areas (UNDP 2009).

‘Difficult funding’, on the other hand, requires an elaborate managerial structure and organizational capabilities to secure the funding, implement projects, and then report on expenses, achievements, and impact. Funding could also be associated with certain expectations, such as political loyalty and support, or be conditional—for example requiring adherence to certain norms such as anti-terrorism attestations. The combination of these classifications, depicted in Table 3.1 below, could restrict or jeopardize NGOs’ financial resources.

Table 3.1: Classification of Sources of Funding³

Source	Accessibility and Reporting	Expectations of donors
Sales from social events and fundraising	Easy	Low
Government contracts	Difficult	High
Diaspora and community members	Easy	Low
Political figures/parties	Difficult	High
Religious-duties	Easy	Low
Membership fees	Easy	Low
Income-generating activities	Difficult	Low
International donors	Difficult	High

³ The separate classifications are adopted from the UNDP’s Assessment of Capacity Building Needs of NGOs in Lebanon (2009).

The Assessment of Capacity Building Needs of NGOs in Lebanon (UNDP 2009) clearly reveals the influence of donors on NGOs, even when it comes to program design. Many NGOs are dependent on donor funding; “NGO management is approached by a funding agency that already has its own set agenda or plan and looking for a partner to implement it. Alternatively, an NGO’s management would scope the funding priorities and design a program that bridges these priorities and its own mission or area or expertise” (UNDP 2009: 24).

NGOs in Lebanon do not perceive the tension between different accountability mechanisms as a challenge (AbouAssi 2010). In their view, aid dependency and the politicization of assistance do not negatively impact their work. NGOs continue to present themselves as the anchor of change and the main actors in leading the development process in the country (AbouAssi 2010). To many NGOs, the impact of their work should be perceived more holistically. First, their work is described as one continuous set of programs. Second, their impact can only be realized when you connect the dots of all development efforts; each dot represents one set of programs each NGO in Lebanon is implementing. However, the counterargument is that NGOs do not focus on sustainability, which “is rather thought of as the sustainability of the NGO itself and the continuous implementation of services, rather than dealing with the root causes of the problems that cause these needs, or holding state institution accountable for improved services” (UNDP 2009: 26).

In general, NGOs are capable of submitting adequate financial and taxation documents as required by law or stipulated in grant agreements with donor agencies. However, the authenticity of some reports is questioned, as rumors of corruption within the NGO sector continue to surface. What is evident is that many NGOs: (1) lack adequate financial management as they work with simplified balance sheets and not necessarily with budgets; (2) are more interested in acquiring assets than in planning to utilize and maintain them; and (3) continue to use basic tools of fund development, such as hosting social events compared to more advanced tools such as solicitation campaigns or grant proposals (UNDP 2009).

In turn, funding shapes NGOs' governance and managerial structures and dynamics. Members with close contacts to funding sources are allowed an increasing role in NGOs; NGOs that rely on external financial resources undermine the role of the general assembly for the sake of funders. Furthermore, the Capacity Assessment report reaches this conclusion:

The source of funding for NGOs is crucial to deciding what projects an NGO actually implements and how it assesses the impact. NGOs relying on donations or religious funding tend to think more of reaching out to a larger number of beneficiaries and seem not to be questioned about the value or the quality of the work they are providing. NGOs that depend on international funding follow project-based implementation and are encouraged to follow systemic planning, implementation, and monitoring and evaluation; they are frequently under pressure to justify the rationale, value, and impact of their activities (UNDP 2009: 25).

Inter-organizational Relations

Networking among NGOs is weak (AbouAssi 2006). Networking bodies or umbrella organizations exist, but their membership is relatively small or the assessment of their

effectiveness is negative. Many Lebanese NGOs are members of national and international networks; this is not necessarily true of small rural NGOs (Abdelsamad 2004). The effectiveness of these networks is questioned by the NGOs themselves, with network activation being more evident in periods of crisis and less evident at all other times. Few NGOs are involved in theme- or case-based networks and campaigns; the successful example is during elections when tens of small and big NGOs came together to monitor and ensure free elections.

Communication and collaboration among NGOs is generally inadequate, with instances of collaboration remaining isolated and temporal (AbouAssi 2006; UNDP 2009). NGOs tend to cooperate on time-sensitive initiatives such as crises or elections, under donor pressure, or due to personal relations among NGO managers. A mild form of coordination occurs through sharing of information and facilities; this is frequently practiced by small NGOs that lack resources (AbouAssi 2006; UNDP 2009). In general, competition and individualism are more dominant among NGOs.

NGOs' relationships with the Lebanese government are unclear or unstable. This stems, in part, from the process of NGO registration, which has been interpreted by the Ministry as a form of control over these organizations (AbouAssi 2006). In turn, this shapes NGOs' relationships with the government, which are characterized by limited dialogue, considerable distrust, diversion of perspectives, suspicion over intentions, and lack of collaboration (Abdelsamad 2004; AbouAssi 2010). However, some mechanisms to ameliorate this situation are in place. In particular, government agencies provide some

financial support to NGOs. For example, the NGO Support Unit at the Ministry of Social Affairs provides basic technical support, especially for small NGOs, and the Social and Economic Council, a consultative body to the government, includes representatives of NGOs (AbouAssi 2006; UNDP 2009).

Many NGOs are hesitant to engage in the public policy process at the national level (Abou Daye 2008). The few involved are mostly advocacy oriented or are politically supported or connected. In many cases, these organizations rely on donor funding to implement projects aiming at impacting public policy. In other cases, NGOs seize the opportunity of international pressure on the government to delve into policy issues (AbouAssi 2010; Abou Daye 2008; UNDP 2009). At the local level, the relationship of NGOs to government is not much better. “[NGOs] tend to monopolize development; they consider themselves as the primary actor in a certain area and [as having] the right to set priorities and activities” (AbouAssi and Trent, forthcoming). Although several NGOs note good working relationships with local governments, tensions remain around development priorities and perspectives; local governments in Lebanon focus on basic infrastructure, while NGOs, especially the local ones, prioritize social and economic needs. One side tries to exclude or work independently from the other actors at the local level (AbouAssi and Trent, forthcoming; UNDP 2009).

NGOs’ relationship with the private sector can take any of three forms: sponsorship of events, in-kind donations, and formalized corporate social responsibility (CSR). However, in general, NGO-private sector relationships are not institutionalized and

influenced by personal contacts and relations. Moreover, NGOs rely on 'shopping list' or 'begging' approaches to dealing with the private sector, rather than on a clear outlined proposal of aligning missions and interests (personal communications). Although private businesses express a growing interest in CSR, their relationships with NGOs are not developing quickly for two main reasons. First, some private companies implement CSR independently and do not rely on or partner with NGOs working in the same field (personal communications). Second, and more important, the private sector lacks incentives for engaging in philanthropy because current laws dealing with this issue are either outdated or ineffective (AbouAssi 2006).

In summary, Lebanese NGOs are still struggling with their effort towards institutionalization. It is difficult to balance or bridge the gap between the need for voluntary membership, efforts to serve a common goal, and the desire for institutionalized professionalism needed to effectively implement programs. Financial, human, and technological resources continue to be insufficient, despite the volume of funding channeled to NGOs and the fact that professionalism and human capabilities were considered to be behind the main driving force of the sector (AbouAssi 2006). NGOs' inter-organizational relations are underdeveloped and unbalanced, characterized by tension with the government, indifference towards the media, amateurism towards the private sector, and submission to donors.

The political and security situation in Lebanon also takes its toll. NGOs tend to halt their activities in periods of political conflict to avoid being affiliated with any side; in cases of

emergencies, some NGOs shift their interests and focus on relief efforts. Disappointingly, NGOs continue to fail civil society in their efforts to ease political tensions (Kantar 2009). In addition, some NGOs feel pressured by political or religious groups that do not agree with their mission and objectives, which sometimes leads to suspension of their activities.

While these features of the Lebanese NGO sector might seem to be unique, when reframed, they more easily lend themselves to generalizability. Should one wish to replicate this study, other countries where the NGO sector works on a wide array of subjects, enjoys a relative degree of autonomy, has diverse and easy access to resources, maintains moderate governance and management capacities, and benefits from limited human resources and inter-organizational relations should be identified. When viewed this way, it becomes more possible to advocate for the generalizability of such research.

QUALITATIVE METHODS

The first phase of this dissertation adopts an exploratory and qualitative orientation to understand how NGOs in a developing country respond to shifts in donor funding.

Several arguments support using an exploratory approach (Babbie 2004; Peshkin 1993).

First and foremost, this research examines a ‘persistent phenomen[on]’ that requires examination and explanation. Second, it contributes to developing new concepts and

elaborating current ones. Third, it addresses ‘curiosity and desire for better

understanding’ of NGOs’ decisions so that we can refine our knowledge about broader

organizational behavior. And fourth, it helps to explain and yield patterns and insights that could change behavior or identify problems.

Qualitative research scholars generally assume that social reality is subjective, as opposed to objective, because “one can only understand the social world by obtaining first-hand knowledge of the subjects... getting close to one’s subject and exploring its detailed background and life history... [and emphasizing] the analysis of the subjective accounts which one generates by ‘getting inside’ situations” (Burrell and Morgan 1979: 6; see also Mason 2002). The exploratory qualitative methods used in this dissertation serve two major functions. First, this approach is designed to explore NGO responses to shifts in donor funding and to develop a conceptual framework for capturing variations in responses. Second, this exploratory approach sets the stage for the explanatory approach used in phase 2 of the dissertation. Specifically, the explanatory phase will draw on the conceptual framework and the variables identified in the exploratory approach to test hypotheses about the reasons underlying variations in NGO responses to donor shifting.

This research does not aim to assess the generalized causal weight of each specific variable on the formation of observed outcomes. Therefore, even though present in the next explanatory phase of the research, statistical methods are not employed in this exploratory part. Rather, the qualitative research used here examines multiple cases to develop and verify the proposed framework. The structuring of the case studies in this dissertation is guided overall by Yin (2003), as is reflective of extant research that uses

case studies to examine organizational decisions (for example, George and McKeown 1985; Huber and McDaniel 1986; Salancik and Pfeffer 1974).

A case study is a research strategy that focuses on understanding the dynamics present within single settings (Eisenhardt 1989; Yin 2003). Yin's (2003) case study structuring scheme offers either a mix of single or multiple case designs with holistic or embedded units of analysis. "The evidence from multiple cases is often considered more compelling, and the overall study is therefore regarded as being more robust" (46). The benefit of multiple cases is that each case might "serve a specific purpose within the overall scope of inquiry" (Yin 2003: 47). Furthermore, within each case, there might be one or more subunits. The advantage of an embedded design is that it identifies logical subunits. Another key determinant of the selection of the design is "the relevant theory underlying the case study is itself of a holistic nature" (Yin 2003: 45).

This research focuses on organizational decisions, which means there are several logical subunits within each case. Yin (2003) recommends using multiple-case studies to "predict similar results or predict contrasting results for predictable reasons" (Yin 2003: 47). This is important for capturing variations in NGOs' responses across time and across organizations. Accordingly, this research relies on an embedded multiple-case design.

Sample Design

To control for the variable of industry, or the area in which NGOs work, this research targets environmental NGOs in Lebanon as the general population. The rationale for

focusing on environmental NGOs is that, compared to NGOs working other industries, environmental NGOs have a focused mission and scope of work. Given this population, the next task was to construct a sample of environmental NGOs.

Yin (2003) recommends using replication or purposive sampling, as opposed to random sampling, when conducting multiple case studies. Purposive sampling is justifiable in light of the pitfalls of sampling cases. First, sampling logic is used in studies “to determine the relevance or frequency of a particular phenomenon” (Yin 2003: 48). Second, sampling does not necessarily cover both the phenomenon and its context, both of which are important in case studies. Finally, sampling logic might risk important topics being overlooked or not empirically investigated (Eisenhardt 1989). In Yin’s (2003) words, “each individual case study consists of a whole study, in which convergent evidence is sought regarding the facts and conclusions for the case; each case’s conclusions are then considered to be the information needing replication by other individual cases” (Yin 2003: 50). Therefore, purposive sampling serves the replication goal. This strategy should “help ... develop theoretically and empirically grounded arguments ... each of which says something different about the relationship of the sample to the wider universe” (Mason 2002: 123).

A pilot case was initially selected to help cover both substantive and methodological issues and to provide conceptual clarification (Yin 2003). The pilot case confirmed that purposive or replication sampling was needed for this study, and identified several features that should be shared by the environmental NGOs selected for the case studies to

allow for multiple observations within each case. First, the pilot case suggested that the environmental NGOs selected for the case studies should be the same size and have at least 12 years of experience with donor funding. Selecting cases based on size allowed for the control of obvious differences in the potential capacity of organizations to seek donor funding, and controlling for years of experience helps ensure a reasonable time frame within which to look for shifts in donor funding priorities and consequent reactions by NGOs. A second set of criteria include focusing on NGOs with bilateral donors, as opposed to multilateral or private organizations, suggesting the selection of cases that have at least two common bilateral donors. These selection criteria ensure comparability within and across cases, since NGO decisions are juxtaposed against shifts in the funding priorities of common donors. Finally, to control for the variables of geography and location, the sample was limited to environmental NGOs operating in the same region, Mount Lebanon, which is the largest region in the country, with the largest number of NGOs. Together, these selection criteria significantly reduced the size of the target population.

Given the small target population, the amount of work involved in constructing case studies, and the limited time and funds available for the research, the sample size was limited to four environmental NGOs. As discussed above, these four NGOs “share some attributes in common and are variants of some larger, encompassing category” (Snow and Trom 2002: 160; see also, George and Bennett 2005; Eisenhardt 1989; Yin 2003). Eisenhardt (1989) and de Porta (2002) warn that increasing the number of cases may lead to increasing the number of third variables for which the research has to control. Hence,

selecting only four NGOs served the purpose of this research, as this allowed data collection and analysis within the constraints of time and resources.

To avoid selection bias, the search engine on the Ministry of Environment's website (www.moe.gov.lb) was used to identify NGOs. The online database (www.lebanon-support.org) helped verify the status of each organization. If any of the selected organizations did not meet the criteria (size, years of experience, bilateral donors, and location) they were removed from the sample. As potential NGOs were identified, they were contacted about their willingness to participate in the study. If, when approached, the NGO declined to participate in the research, it was removed from the sample. This process was repeated until four environmental NGOs were selected.

The appropriate unit of analysis should be “related to the way you have defined your initial research questions” (Yin 2003: 23). In the first phase of this dissertation, my research question examines how a funding-dependent NGO reacts to changes in donor funding. The focus of this exploratory part of the dissertation is, then, on NGOs' decisions or responses. In addition, the unit of analysis should be as specific as possible; “specific time boundaries are needed to define the beginning and end. [And finally,] the unit of analysis should either be similar to those previously studied by others or should innovate in a clear, operationally defined way” (Yin 2003: 26). Therefore, the unit of analysis in this research design is an NGO's decision in response to a change in donor funding. This decision is observable in its outcome. In other words, as much as the

process of decision-making is important, the end result is also critical for addressing the exploratory research question posed before.

As such, the research was designed around multiple cases: four cases of NGOs interacting with multiple donors. Each case provided an opportunity to record multiple observations during the period of 15 years this dissertation studied (Eisenhardt 1989; Snow and Trom 2002; Yin 2003). Each donor funding cycle extends—on average—over three years, after which the funding objectives are likely to shift. Thus, the 15-year period of research in this study includes at least three shifts in the funding objectives for each donor and three concomitant reactions by each NGO. Therefore, this design yields 24 embedded units of analysis: four NGOs reacting to three shifts in funding of each of two donors. This design ensures a literal replication where similar results are more likely to be predicted and the same conclusion would be reinforced (Eisenhardt 1989; Yin 2003).

Data Collection

To apply the methodology described above, data were collected through archival research and semi-structured interviews. These approaches allowed for data triangulation and better substantiation of findings (Eisenhardt 1989; Yin 2003).

Archival research is a non-interactive form of data collection that allows accessing information that is not subject to personal discourses (Johnson, Wilde, and Polillo 2008; Thies 2002; Trachtenberg 2006). Archives include documents produced by the organizations (annual and financial reports, minutes of meetings, decisions), donors

(grant applications, annual reports, website information), and other actors (media clippings, NGOs' registration documents).

Semi-structured or focused interviews provide a longitudinal window on the decision-making process in NGOs regarding donor funding and diversifying the sources of funding. This study required interviewing more than one person from each organization. Thus, some organizational members were interviewed twice over the two years of this study to further verify the conceptual framework. This process is further explained in the data analysis section, which renews the importance of discourse analysis in qualitative research (Johnston 2002; Neumann 2008). The semi-structured interviews were conducted with representatives of four environmental NGOs, two bilateral donors, and four experts in the field. Interviewees were invited to discuss historical events related to the organization (its establishment and changes or challenges encountered) and the processes that the NGO went through to decide how to respond to shifts in donor funding. These shifts potentially represent critical points or junctures in the relationship between an NGO and a donor. Semi-structured interviews helped capture the perspectives of this diverse group of practitioners and allowed a better understanding of the 'semantic context'. Interviews also allowed efficient scrutiny of the meanings assigned to the various concepts (Blee and Taylor 2002; Eisenhardt 1989; Leech and Goldstein 2002; Merton, Fiske, and Kendall 1990; Rubin and Rubin 2005; Yin 2003).

Representatives of NGOs serving marginalized groups (women and people with disabilities) were also selected and interviewed. The logic of this additional step was to

explore the possibility of replicating the findings and generalizing the results across various NGO industries. Moreover, additional key informants who have knowledge and expertise about civil society in Lebanon were also interviewed. These informants provided valuable input about the information gathered and the conclusions generated in this study. Table 3.2 shows the breakdown of completed interviews.

Table 3.2: Completed Interviews

Organization	Number of Interviews	Total combined number of interviews by organization
Donor 1	5	9
Donor 2	4	
Environmental NGO 1	3	10
Environmental NGO 2	3	
Environmental NGO 3	2	
Environmental NGO 4	2	
Key informants (Experts)	4	4
Key informants (research institutes)	3	3
NGO of marginalized groups (women)	2	4
NGO of marginalized groups (disability)	2	
Total	30	30

Interviews and meetings were conducted face-to-face and held primarily in Lebanon. Telephone interviews and electronic mail responses to questions were avoided, since face-to-face interviews enhanced the dialogic construction of knowledge. Interview and meeting sites included: NGOs' and donors' offices, research centers, and public places (e.g., cafes). All interviews were tape-recorded for later transcription; permission to do so was given by all the research informants and meeting organizers. This step was important as it generated verbatim transcripts and minimized reliance on notes or memory. These

transcripts were supplemented with notes taken during or immediately after the interviews. Interviews and meetings were tracked with contact sheets (Miles and Huberman 1994). Within one week of each interview, memos were transcribed and analyzed (Emerson, Fretz and Shaw 1995). This procedure helped streamline categorizing information and cases. The transcription process resulted in 280 pages of qualitative data.

Eisenhardt (1989) advises that more than one person should carry out the case studies to reduce bias and personalization, add complementary insights from different perspectives, and ultimately enhance confidence in the results. However, due to the constraints of time, language, and funding, this study was conducted by only one interviewer. To ameliorate this limitation, Yin's (2003) recommendations on desired skills (listening, adaptiveness and flexibility, and grasp of issues being studied) and on the principles of data collection (multiple sources of evidence, creation of case study database, and maintenance of a chain of evidence) were scrupulously applied.

Finally, the preliminary results were shared in a focus group that comprised different stakeholders. As it is difficult to formulate a focus group that is representative of the population of a study (Gamson 1992), participants were selected to represent different NGOs and donor agencies,⁴ experts in the field, and academicians. Selection bias in a focus group is hard to avoid. The focus group was an arena for direct interaction and discussion among key players, each coming from a different background and with a

⁴ To allow further verification and diversity of input, organizational representatives interviewed during the research were not included in the focus group.

distinct perspective on the issue. The focus group helped to shape understanding of the situation and to identify any gaps in the reconstruction of the arguments (Johnston 2002; Morgan 2002; Short, Perelman, and Curran 2006). In addition, the focus group was one way to address the limitation of the researcher's bias and, consequently, the possibility of encountering Type I and II errors. The deployment and triangulation of various sources of data, such as interviews with different stakeholders, archives, and focus groups, should help alleviate the potential for these errors (Morgan 1997, 2002; Blee and Taylor 2002).

Interview Protocol and Questions

Interviews were set up by directly contacting interviewees via phone or email.

Interviewees were provided with a summary of the project, the researcher's CV, and the interview protocol (see Appendix C). Interviewees were asked if they were interested in participating. If the respondent was willing to participate, the researcher set the date and time for the interview. If at any time an interviewee declined to participate; s/he was thanked for their time and not contacted again. Non-respondents were contacted no more than two more times via email or office phone. All requested interviews were set up in a timely manner (Barrett and Cason 1997; Carapico, Clark, Jamal, Romano, Schwedler, and Tessler 2006; Leech and Goldstein 2002; Rubin and Rubin 2005).

Interviews lasted on average 1.5 hours⁵ depending on the interviewees' interest and time constraints. The detailed interview protocol (Appendix C) served as a guide, but the interview was a free-flowing conversation. Follow-up questions were addressed via email or phone. Except for those with representatives of donor agencies, all interviews were

⁵ The interviewees had the right to withdraw from the research at any time.

conducted in the Arabic language, which is the local language at the research site—Lebanon. The researcher is a native speaker of the language.

To maintain research informants' confidentiality and trust, I assumed the responsibility of generating and reporting the research findings and concurrently protecting the authenticity and confidentiality of the information and the informants. Ethical considerations and other matters of protection of human subjects are imposed and governed by the Institutional Review Board (IRB) review process at Syracuse University.

Interview recordings, interview transcriptions, and notes from meetings/events were assigned coded numbers and saved on the researcher's work computer, which is password protected. In this dissertation or any subsequent publications, all references to interviewees, their organizations, or any other identifying information are not associated with respondents. In cases where there was a chance that someone may be able to identify an interviewee, the interviewee was sent the text ahead of time and s/he had the opportunity to request that it be changed or excluded from the publication. Interviewees' wishes were followed.

The interview questions started with the interviewee's brief biography, career position, and role in the organization, and then eased into more complicated questions. As the interview progressed, transitional questions were used to lead into different sections in a logical sequence (Sudman and Bradburn 1982). The questions covered a wide array of subjects falling under the following categories:

- Organization's Mission Statement and Scope of Work: definition and interpretation of the mission statement, the evolution of and changes in the mission statement, the decision-making process, the contextual environment upon any change, previous and current activities and their relatedness to the mission, organizational infrastructure and capabilities;
- Financial Autonomy of the Organization: the definition/interpretation of autonomy and dependency, the reliance on external resources, sources of funding, and the need for diversified sources;
- Type and Nature of Relationships with Donor Agencies: the perception, form, and dynamics of the relationships, the evolution of the relationships, the strengths and weaknesses in the relationships, the degree, direction and level of communication, the response to demands and changes in funding opportunities, the information that was available, the rationale behind the changes, the reactions to the decisions, and the expected consequences); and,
- Assessment of the role of Lebanese NGOs and the impact of donor agencies on both this role and the community.

Data Analysis

Data analysis started with coding the transcripts. An initial list of codes was created at the beginning of the analysis process, but the coding process was iterative and ongoing throughout the analysis process (Miles and Huberman 1994; Mason 2002; Maxwell 2005; Poland 2002). While specially designed computer software is sometimes used in qualitative research to expedite and increase accuracy in data coding, I elected to conduct

the coding process with Microsoft software programs (a combination of Word and Excel) since the volume of data was manageable and the complexity of the codes was moderate.

The data analysis followed the recommendations of Eisenhardt (1989) and Yin (2003) with regard to within-case and cross-case analysis. Within-case analysis focuses on each case by itself. A detailed case-study write up was prepared and then triangulated with other archival sources to ensure reliability and validity. Familiarity with each case as a stand-alone entity allows for greater understanding about the unique patterns within the case, which then facilitates cross-case analysis, which involves searching for, comparing, and generalizing patterns across cases. Cross-case comparison helps avoid human errors or tendencies, such as bias, leaps to conclusions, being influenced by the last case, or ignoring case elements (Eisenhardt 1989). Several techniques are used to implement a cross-case pattern search, including comparisons according to categories, in pairs, or by source. In this research, cases were compared in pairs; similarities and differences in decision-outcomes were listed. The underlying logic here was that such a comparison would allow checking subtle similarities and differences that are difficult to detect otherwise.

This exploratory research uses process-tracing, discourse analysis, and content analysis. Process tracing is commonly used in qualitative research to analyze complex processes, understand variations in interpretations, and assess causality (Bennett 2008; Checkel 2007; George and Bennett 2005; Pierson 2000; Schutt 2009; Vennesson 2008). Considered an indispensable tool for theory development, process tracing focuses less on

the causal ‘effects’ of variables (shifts in donor funding) in predicting an outcome (NGO response) than on the causal ‘connections’ among the variables and outcomes leading to a certain phenomenon.

More specifically, there are six reasons process tracing is valuable and effective for this research. First, process tracing is appropriate for analyzing complex phenomena if using a reasonably small number of cases (George and McKeown 1985; Tilly 1984). Second, process tracing allows for an exploration of the chain of events or the decision-making processes by which initial conditions (inputs) are translated into outcomes. Third, process tracing suits a theory-guided analysis, in this case using Hirschman’s (1970) individual self-interest theory. The main analysis is narrative: specifying actors, their goals, preferences, decisions, and the events that directly influenced them. It permits understanding the ‘off-the-path’ behavior by narrating and analyzing decisions and actions that were taken, considered but not taken, and the consequences of both (Capoccia and Kelemen 2007). Fourth, process tracing potentially identifies multiple intertwining narratives and permits explanations and qualification of their degree of relevance. It captures potential alternative causal paths or equifinality (Bennett 2004). Most likely, a shift in donor funding is a decisive factor in an NGO’s response; the challenge is to understand if the response could come about by accident or could be a proxy or a side effect (Abbott 2001). Fifth, process tracing provides a unique opportunity to ascertain which factors were critical and possibly generalizable in the NGO’s decision and which were more peripheral. This allows me to understand how these factors relate to the integrated theory I develop in the second part of the dissertation; relevant factors are

incorporated while irrelevant factors are dropped (George and Bennett 2005). Sixth, process tracing acknowledges multiple sources of evidence for the verification of a single inference (Gerring 2007); this is particularly important to ensure construct validity.

Therefore, such an approach is particularly appropriate for this dissertation since the phenomenon of interest (impact of shifts in donor funding on NGOs' responses) is suspected to have multiple causal pathways, which allows a gradual construction of a typological theory to explain the variation of outcomes (George and Bennett 2005; George and McKeown 1985; Gerring 2007; Ragin 1987; Vennesson 2008). As indicated in the previous section on sample selection, it is important to select cases for their value in providing evidence of the processes connecting causes with the observable outcome of interest (Ragin and Becker 1992).

To facilitate process tracing analysis, I started by analyzing evidence drawn from within-case process tracing (Hall 2003) using primary sources. I then compared across cases using secondary archival sources to analyze whether my theoretical framework holds in those cases and thereby provides evidence of theoretical plausibility (George and Bennett 2005; Mahoney and Rueschemeyer 2003). The process tracing method helped identifying the intervening steps that led to the outcome (that is decision outcome vis-à-vis shifts in donor funding) in the four cases selected. It involved figuring out the initial conditions from which sequences of events evolved, and included multiple interaction effects to see how these events led to some outcome (George and Bennett 2005; Gerring 2007). Therefore, the sequence and timing of events were important for the understanding of

regularities and irregularities in the relationship between donors and partner NGOs upon the shift of funding focus.

Within-case research examined the interaction between one actor (the NGO) and another (the donor), where the dependent variable is the NGO's decision and the independent variable is the decision of the donor to change the focus of funding. This independent variable becomes dependent in itself at some point prior to or later in a different sequence of events. To help address the question of interaction and explain any possible causation, I applied process tracing "to trace the operation of the casual mechanism at work in a given situation" (Checkel 2007: 116; Pierson 2000; Schutt 2009). I anticipated that process tracing would help clarify any compounding effects or connections between NGOs' modes of responses or decisions.

As Figure 3.2 shows, the sequence of events is as follows: donor's policy change—donor's new aid strategy—donor modified local approaches—NGO internal discussion—NGO reaction. In this sequence, one event leads to the event that follows. My objective is to illuminate an internal organizational process whereby a decision is made in response to a shift in donor funding. Through process tracing, I reconstructed the decision-making processes of four environmental NGOs at moments of change (shifts in donor funding) over an extended period of 15 years. This helped refine a more theoretically oriented explanation (George and Bennett 2005; Mahoney and Rueschemeyer 2003).

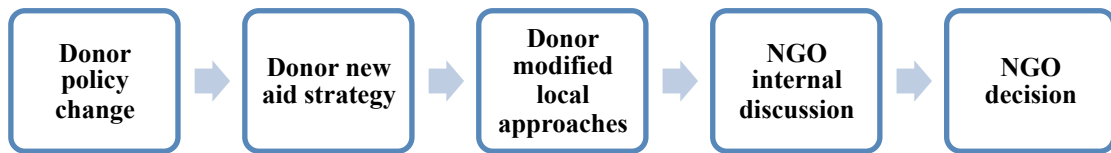


Figure 3.2: Sequence of Events

Process tracing answers the central question of this research, as it allows the collection and analysis of qualitative data along the following points of inquiry:

- 1) A response an NGO decides on at each turning point (shifts in donor funding)
- 2) Possible alternatives to the response
- 3) Process of selecting the particular response:
 - a. If notified of donor shifts, by whom and how
 - b. If a response is favored, by whom and how
 - c. If a response was opposed, by whom and how
 - d. If a response is adopted, by which level of assertion (or last resort)
 - e. Assessment of potential consequences of the response and its alternatives

In addition to process tracing, discourse analysis was also used. Discourse analysis refers to the “emergent and socially constructed nature of textual production” (Johnston 2002: 67). All meaning is context specific, multifaceted, and ever evolving. People use and define certain terms with certain implicit assumptions in the background. They understand certain things in certain ways and act on their understanding (and frame it

accordingly) (Hardy, Harley, and Philipps 2004; Hopf 2004; Johnston 2002; Neumann 2008). In discourse analysis, one should focus on what is actually meant rather than on “the knowledge embodied in mental structures that textual production presumes” (Johnston 2002: 67).

In this research project, discourse analysis was used to examine how relationships between specific NGOs and donors have come to exist, endure, change, or end. The course of action is socially constructed in the context within which actions are embedded rather than in an objective reality that lasts permanently. Discourse analysis serves to confirm or reject the implied results of the ‘how possible’ story, born of responses to critical junctures, set out by the process tracing analysis. In analyzing inter-organizational relations, it is critical to examine how each organization understands and presents the relationship (Johnston 2002; Neumann 2008).

In particular, discourse analysis questions whether organizational behavior is a reflection of text produced by the organization or of interpretations delivered by senior officials. Do actors within the same organization speak the same language and equally represent their organization, or are there shades of language and meanings? People working in the same field or for the same organization may approach the same subject matter in diverse ways. A mission statement, or a decision, or a reaction is read in different ways by different people and might be understood in ways other than intended. Therefore, the issue of representation of NGOs or donors was also critical. That is why at least two members of the same organization—and preferably of the same position level—were interviewed to

examine the organizational values that are espoused by its members to give both meaning to and justification of decisions and actions that were taken (or omitted) within its institutional environment (Marshall 1994; Sussman, Ricchio and Belohlav 1983).

According to Neumann (2007), discourse analysis should follow three main steps: 1) limiting text because discourse analysis is all about text and large volumes of text will be troublesome; 2) mapping representations of realities in terms of how NGOs' decisions and outcomes are portrayed or presented by different people; and 3) layering discourses where some of the representations are more important than others (representations made by the head of an NGO versus a program officer). Discourse analysis was applied to documents published by NGOs and donor agencies and to the transcripts of the conducted interviews. This procedure helped isolate gaps identified by particular discourses. Subtle representations were significant in outlining the type of relationship that is made possible and what types are automatically excluded (Hermann 2008).

Primary attention was given to the mention of terms such as 'change', 'modify', 'shift', 'adapt', 'compromise', 'negotiate', 'stop', 'suspend', 'attach', 'continue' and the like in reference to NGOs' responses vis-à-vis changes in donor funding. Likewise, terms like 'own identity', 'own decision', 'forced', 'obliged', 'preferred', 'encouraged' and the like were sought to begin understanding agency behind organizational decisions (Fairclough 2003).

The concept of agency is important since it is at the core of analysis in Hirschman's (1970) typology (Harrison 2010). Agency here refers to the capacity to make decisions

and put them into practice. The issue to examine is whether these courses of action are adopted by free choice or by other processes (Bandura 2001). Does the donor have agency in its relationships with NGOs, graciously granting these organizations the ability to respond to shifts of funding, or are NGOs granted agency in their own right and made free to enter into a relationship with donors? Discourse analysis can point to the answer.

While discourse analysis helped analyze how common decisions are justified and explained by interviewees, content analysis (Hardy, Harley, and Philipps 2004; Hermann 2007; Herrera and Braumoeller 2004; Hopf 2004) was also used as a supplementary tool to analyze documents (including interview transcripts). Content analysis refers to the analysis of official documents to attempt to understand the meaning of the communications by assuming that the 'meaning of text is constant.' Content analysis provided an analytical tool to identify the meaning and values of the terms listed above, especially in archival material. I concentrated on words or combinations of words. Usually, a numerical count of each word provides a measure of meaning sufficient for content analysis. The frequency of such terms in discourse becomes relevant to social structural articulation when compared to the actual practices of agency (Fairclough 2003).

Validity, Reliability and Potential Limitations

Maintaining construct validity and reliability are two key concerns in designing case studies (Eisenhardt 1989; Yin 2003). Construct validity is the correct operational measurement of the intended concepts being investigated, and reliability is an accurate

measurement to ensure that “the operation of a study can be repeated with the same results” (Yin 2003: 34). To maximize construct validity and reliability, this research adopts an iterative approach and multiple cases of embedded units of analysis, relying on a variety of triangulated primary data including those collected in interviews and focus groups, as well as contextual secondary data sources.

The iterative approach involves tabulation of evidence. It is based on a logical, transparent sequence of analytical steps for identifying, coding, validating, and systematically comparing the emergent frame with the evidence from each case. Here, active reflexivity is critical (Mason 2002; Maxwell 2005), and requires the researcher’s ongoing scrutiny of own perceptions and preconceived notions. The comparison of evidence from different sources within and across the multiple cases continues until results finally converge into a well-defined construct (Eisenhardt 1989; Yin 2003). Hence, this research relies on multiple sources of data to generate evidence. A chain of evidence within and across the four cases is established. Finally, key informants were invited to focus groups to review the results and verify the framework.

Reliability is reflected in replication of the operations of the study. In this study, all of the operational procedures are documents. The research was conducted according to a study protocol and a database for the four cases was developed (Yin 2003). For each NGO, the database includes the audio recording of the interviews as well as their transcriptions, other information provided by the interviewees, secondary archival data (website downloads, reports, media clippings, etc.), and email communications. The fact that the

research has been expanded to include other NGOs from different sectors enhances confidence in its reliability. The limitation of intercoder reliability remains pending, due to the use of basic Microsoft software programs in the coding process instead of relying on qualitative data analysis software such as Atlas.ti and NVivo.

Another key concern in designing case studies is external validity (Yin 2003), or generalizability. Being qualitative in nature, findings from this exploratory research might be limited to theoretical generalizability. However, Yin (2003) downplays such assumptions: “case studies rely on analytical generalization” (37) through replicating the findings on second or even third cases. If the replication generates the same results, generalization might be made to some broader theory. This research uses multiple cases that allows within- and cross-case analysis of results; the results are not confined to one particular distinctive case. Furthermore, with the inclusion of NGOs from other sectors, the research enhances the potential for generalizability by recognizing broader contextual factors.

CONCLUSION

With the proposed methodological approach, I have assembled analytical tools in a logical sequence. I have elaborated on the broad contextual background and the characteristics of the NGO sector in Lebanon. I have also discussed various components of case selection and data collection and analysis, as well as limitations of my proposed research design and procedures. A qualitative, embedded multiple-case design that employs process tracing and discourse analysis suits this exploratory study. Data from

interviews, focus groups, and archival research contribute rigorous and interesting insights about NGOs' responses to shifts in donor funding, with Lebanon as the site for this research. The next chapter turns to presenting and analyzing the findings of the qualitative data towards developing a conceptual framework that captures variations in NGO responses to shifts in funding.

CHAPTER FOUR: UNDERSTANDING NGOS' BEHAVIORS A MODIFIED HIRSCHMAN'S TYPOLOGY

INTRODUCTION

In Chapter Two, I discussed Hirschman's (1970) typology of *exit*, *voice*, and *loyalty* at length. The typology has been broadly adopted by scholars not only with respect to the economic market, but also with respect to sociopolitical values. The typology is frequently used in studies of political science, accountability and public service, human resources management, and nonprofit studies. I reviewed the vast body of literature that applied the typology to highlight key elements that are relevant to this research. In Chapter Three, I elaborated on the qualitative research methods that were used to collect and analyze data for this exploratory phase of the dissertation.

This chapter addresses the research question of how NGOs in developing countries react to shifts in donor agencies' funding. It explores whether all NGOs react in the same way. If not, the focus of the study will turn to capturing variations in these reactions in a conceptual framework that builds on Hirschman's (1970) individual self-interest theory. First, the profiles of the four environmental NGOs under study are presented to provide the reader with substantive information used in the analysis. Second, NGO responses to shifts in donor funding are traced and analyzed using the qualitative data collected; the relationship between these four NGOs and their donors are hammered out at length and in depth. Third, using Miles and Huberman's (1984) method of first- and second-order concepts, the results are tied to Hirschman's (1970) typology, which is modified in a proposed conceptual framework that captures variations in NGOs' responses to shifts in

funding. The proposed modified framework is fourfold: exit, voice, loyalty, and adjustment. Each fold in the framework is expanded and explained relying on further evidence from the field. Finally, the chapter considers the possible outcomes of these various reactions.

CASES PROFILES

This subsection presents summary profiles of the four cases studied. To recap the analytic reasoning behind the selection process: the four NGOs are environmental organizations of the same size and with at least a 12-year experience with donor funding. For the purpose of comparability, I focus on two bilateral donors (as opposed to multilateral or private organizations) that are common to all four NGOs.

Detailed profiles are available in Appendix D. Table 4.1 below categorizes the different characteristics of these NGOs and provides a quick snapshot for comparison. Each profile covers the history of the NGO, including the reasons behind its establishment and key turning points in its development. In addition, the NGO's governance, organizational structure and management, programs, human resources, financial resources, and inter-organizational relations are addressed. The profiles were developed using archival data (e.g., published information) and interview materials, particularly in terms of the perspectives of interviewed NGO representatives. Special attention is devoted to NGO representatives' perceptions of stakeholders, accountability, legitimacy, and credibility. For the purpose of confidentiality, the four NGOs are labeled as NGO1, NGO2, NGO3, and NGO4.

NGO1: the NGO of 'No'.

NGO1 was established in 1991 by a group of university graduates who shared a common interest in sustainable development. NGO1's mission is to ensure environmental suitability and the protection of natural resources through a scientific framework designed to engage local communities. NGO1's projects address environmental hazards, exploitation of natural resources, air pollution, and climate change, all of which directly threaten natural resources, the public environment, and human health. In many of these projects, NGO1 conducts scientific research and studies and provides technical assistance through its specialized members and volunteers.

Currently, NGO1 is headed by a female member who presides over an executive committee of seven members; the committee is elected by the 100 members of the organization. Five different people headed the NGO over 17 years. Activities are managed by a team of volunteers and headed by a member of the executive committee who serves as a coordinator. Only two paid staff are on the payroll of the organization. The work of the organization is guided by annual plans, along with a set of best practices, professional standards, and, more importantly, informal ethical values and principles.

NGO1 is not in a dire financial situation. The organization has been making an impact with limited internal resources (membership fees and volunteers' efforts) such that external resources are not essential to sustain its work. NGO1 secures funding from eight donors, including three bilateral donors. The relationship with donors is based on mutual

benefit, capacity building, and idea exchange. NGO1's donors are perceived to be partners when "the agendas are compatible, objectives of funding match our goals, and donor's plans accommodate our programs" (Interview #7).

NGO1 has been involved in a confrontational relationship with government, politicians, and the private sector. One of the founders portrayed the general picture: "unlike other NGOs, the essence of our role is raising voice. You talk about the problem as well as about who is causing it or hindering the solution. You should be proactive to find a solution or to influence your surrounding towards change" (Interview #1). This perspective echoes into weak and sporadic collaboration with local NGOs and reflects NGO1 as an organization that does not concede.

NGO2: An Institutionalized NGO

NGO2 was formed in the early 1990s by a group of energetic youth drawn together by an environmental emergency at the local level. Their successful work attracted attention and encouraged them to become a formally recognized NGO with a certain specific vision aiming at protecting natural resources through fighting forest fires and planting trees. The NGO works with local communities as its main stakeholders, develops its activities based on needs assessments and Participatory Rural Appraisals (PRA), and implements projects in a decentralized fashion through local voluntary units and in partnership with local groups.

NGO2 is composed of 50 members who elect an executive committee of 5. With a high

turnover in leadership, the organization is currently managed by a female director with around 20 full-time staff and short-term consultants. This human capacity allows the organization to implement several projects at the same time, many of which are donor-funded. NGO2 has nine donors, without being reliant on one more than others and without being completely donor-dependent. To gain income besides membership fees, NGO2 has launched several projects to generate profits for the organization while supporting local communities. “We think like a business,” said an NGO2 member; “businesses make capital investment; we did the same. We are aware about our ability to survive without the external funding which is like begging to a great extent” (Interview #6). This conscious decision to follow a business model is echoed into a driving motive to become an institution, and not just a small NGO.

NGO2 has benefited from its close work with local communities, and its partnerships with local organizations have boosted its legitimacy. The NGO tries to adhere to high standards of professionalism, which further contributes to its credibility and positions the organization as a leader in the environmental field. One outcome of the NGO’s legitimacy and credibility is strong and ongoing relationships with donors. Another outcome is well-developed relationships with government agencies with which NGO2 has established partnerships and cooperated on policy formulation and implementation.

NGO3: An NGO of a Struggling Commitment

NGO3 was established to formally organize the voluntary civic engagement of its members. The organization had a shaky beginning, with founders and members joining

and leaving over time. Currently, with 60 members, NGO3's mission focuses on developing environmental awareness. Specifically, NGO3 focuses on awareness campaigns and implements environmental projects funded by international donors and organizations; advocacy efforts are more localized and target municipalities unless channeled into issue-based national coalitions with other organizations.

An elected executive committee of seven members runs the organization. The committee chair, who also serves as the president, has been elected to office for more than five terms. However, members feel they are equally involved in the decision making process when decisions are made by consensus. NGO3 does not recruit any full-time paid employees; however, temporary staff and consultants are hired on donor-funded projects. This is because NGO3's financial health depends on funded projects; membership fees are the only source of internal revenues, and are used to cover basic operational costs.

All projects are implemented through donor grants. However, NGO3 has a limited pool of donors, mostly bilateral donors. NGO3's president noted, "if we have projects we work on them and if there are no projects, we do not have expenses or work" (Interview #11). The organization still struggles in its relationship with the donors. NGO3 representatives describe these relationships as formal and limited to submitting proposals and implementing projects. In their view, a donor is a funder, not a partner. The inability to develop these relationships could be related to the lack of specialized human capacity and underdeveloped professional practices and systems.

The NGO's interaction with the government is also limited. However, the government is not necessarily perceived as being an adversary. The president discussed his opinion towards the government, saying,

The work of the NGO is important but should not take over the responsibility of the government. [...] We created parallel or substitute agencies during the civil war; this should be over now. Instead of bypassing public agencies, things need to pass through them and NGOs and donors should work with them and invest in developing the capacities of these agencies (Interview #11).

The relationships with other NGOs are limited to exchanging support and coordinating on specific environmental issues. NGO3 has yet to establish long-term partnerships, but is more active in exploring, with caution, national and international networking opportunities.

NGO4: The NGO of a Ruling Core

NGO4 was established in the mid-1990s by a group of professionals who wanted to promote environmental development that ensures sustainable development. The NGO executed projects on solid waste and environmental awareness at a local level; youth were the main target group for these projects. What is peculiar here is that all projects are managed by the same person. Not too long after the establishment of the NGO, several founding members became less involved in the work of the organization. The bulk of the responsibilities were shared by a president playing a more ceremonial role and a member who was the driving force. Although NGO4 has around 30 members and an elected 5-member executive committee, the same two persons have been elected to several terms.

NGO4 has two full-time paid staff, project-based part-time employees and expert

consultants, and several volunteers when needed. The organization, however, lacks strategic and annual plans and has not conducted any needs assessments. As one member of the organization explained, project ideas emerge “through brainstorming or even personal experience; we then develop a proposal and look for funding. Sometimes it works and sometimes it does not. Once you score then things roll” (Interview #17). Thus, most of the work of NGO4 is project-based.

All projects are funded through bilateral donor grants due to the absence of any strategy to attract alternative funding. With a limited pool of 3 donors, NGO4’s financial health is always at stake. Membership fees add to a small amount of the annual budget, and operating costs are high such that the ‘ruling core’ has to cover expenses from their own pockets. Donors are not perceived to be partners; rather, they are seen as funders who provide financial support according to specific guidelines. As such, relationships with donors are framed and confined. Furthermore, the founders did not utilize their personal professional contacts to help strengthen the NGO’s inter-organizational relationships. This reflects certain distrust in other NGOs, which originally motivated the establishment of NGO4 to ‘do a better job’. On the other hand, the relationships with government agencies, and specifically with the Ministry of Environment, are bitter sweet, although NGO4 aspires to develop stronger relationships in the future.

Table 4.1: Summary of Profiles of Four Environmental NGOs

	NGO1	NGO2	NGO3	NGO4
Mission	Sustainable environment	Protection and conservation of natural resources	Environmental awareness	Environment development
Reason for establishment	Group commitment	Local need	Natural progression	Personal interest
Key turning points	Diminished grassroots work Drop down in volunteers	Rapid growth in work	Drop down in members Advocacy campaign	Withdrawal of founders Framing of mission
Identification of stakeholders	Members and volunteers	Local communities	Projects' beneficiaries	General public
Participatory approach	Formal mechanism	In practice	None	None
Perception of legitimacy and credibility	Distinctive values	Effectiveness	Representativeness	Effectiveness
Number of members	100	50	60	30
Membership conditions	Open	Open	Open	Closed
Members' role (in addition to voting)	Decision making and implementation	Implementation	Decision making	Voting
Executive committee	7 members	5 members	7 members	5 members
Internal governance	High leadership turnover/clear division of authorities	High leadership turnover/clear division of authorities	Low leadership turnover/clear division of authorities	No leadership turnover/no division of authorities
Decision-making process	Debate and voting	Strong leadership and voting	Agreement and consensus	Influential leadership
Self-regulation Mechanism	Voluntary standards	Voluntary standards	Voluntary standards	None
Transparency	Members' access and public reporting	Members' access and public reporting	Members' access and internal reporting	Reporting to donors and government
Gender representation in leadership	Male	Female	Male	Male
Educational level in leadership positions	Graduate	Graduate	Graduate	Graduate
Human resources	Volunteers	Paid and volunteers	Project-based and volunteers	Few paid and no volunteers

Professional Expertise	Internal	External	Internal	External
Type of activities	Awareness, Advocacy and Scientific research	Awareness, Advocacy and Projects	Awareness, advocacy and projects	Awareness and projects
Needs assessment	Scientific assessment	Formal assessment	Knowledge of local needs	None
Strategic planning	Frequent	Frequent	None	None
Annual plan	In place	In place	None	None
Use of technology	Good	Advanced	Below Average	Average
Internal revenue sources	Membership fees/donations	Membership fees/income generating projects	Membership fees	Membership fees
Percentage from total 2008 budget	21%	17%	6%	9%
Number of external donors	8	9	3	4
Reliance on Donor A	Low	Low	Medium	High
Reliance on Donor B	Low	Low	Medium	Medium
Fund raising	Ad-hoc	Planned	Members' initiatives	None
Involvement in donors' consultations	Occasional involvement	Serious involvement	Not approached	Never
Perception of donors	Partners	Partners	Funders	Funders
Description of relationship:				
with donors	Mutual benefit	Strong and stable	Formal	Relative to projects
with government	Confrontational	Cooperative	Limited complementarity	Limited complementarity
with private sector	None	Corporate social responsibility	Sponsorship of activities	Sponsorship of activities
with media	Supportive	Partnership	Activities reporting	Partnership
with other NGOs?	Weak/limited	Strong	Weak/limited	Limited
Networking	International and national	International and national	International and national	None

FINDINGS AND PATTERNS

The sequence and timing of events are important for the understanding of regularities and irregularities in the relationships between donors and partner NGOs upon shifts in the focus of funding. Thus, process tracing is used to analyze these processes, understand variations in interpretations, and assess causality (Pierson 2000; Schutt 2009).

As explained in Chapter Two, donors revise their aid strategy for a certain country and consequently modify funding priorities. NGOs that have been receiving donor funding need to react to these developments. In most cases, an NGO carries out an elaborated internal discussion to decide how to deal with the changes taking place in the surrounding environment. The end result of the internal discussion is an organizational decision. Thus, in this research, there is an interaction between two actors: an NGO and a donor. The dependent variable of interest is the NGO's decision about how to react, and the independent variable is the decision of the donor to change the focus of funding. As such, one event has led to the event that follows. To help address the question of interaction and explain any possible causation, process tracing is applied "to trace the operation of the casual mechanism at work in a given situation" (Checkel 2007: 116; Pierson 2000; Schutt 2009).

Process tracing allows taking one step back to study the decisions NGOs adopted at the moments of change over an extended period of time (15 years). Process tracing also helps clarify any links between the responses of *exit*, *voice*, *loyalty*, and *adjustment*. The four

responses can be interrelated; they can be branches and/or consequences in a decision tree; and they can fall on a continuum of organizational behavior.

Before discussing the donors' objectives and NGOs' activities, several caveats are in order. First, the donor base of the four studied organizations is relatively small; however, two of these organizations have more diversified sources of funding than the others. As the profiles of these organizations show, NGO1 currently receives funding from around 9 external sources, NGO2 from 8, NGO3 from 4—all bilateral, and NGO4 from 3. For the purpose of comparability, the focus is on two donors that are common to all four NGOs as funding sources. The two donors are foreign aid agencies of the governments of developed countries that provide bilateral development assistance to Lebanon.

Second, according to interviewed donor representatives, bilateral and multilateral donors working in Lebanon coordinate their development assistance at both micro and macro levels. At the micro or implementation level, bilateral donors hold regular meetings to share ideas and exchange information on priorities and programs. Multilateral donors are involved in meetings around specific subjects. In these venues, donors express their interests in certain priorities and coordinate implementation plans to avoid duplication of work. Donors can also seek or disseminate information on success stories and NGO performance or promote successful partner NGOs. One representative pointed to the use of these meetings, saying “occasionally, we do a mistake that we fund something to find out during our coordination meetings that another donor is doing something similar. However, this is a rare case. When it happens it is because NGOs are not always candid

in their work” (Interview #8).

However, representatives of both NGOs and donors in Lebanon tend to agree that donors coordinate at the macro or policy level. As scholars argue, development assistance is usually associated with foreign policies (Alesina and Dollar 2000; Easterly 2007; Hancock 1989; Hook 1995). These policies are coordinated through higher political channels. Funding then reflects political priorities. That is why common themes dominate the agendas of different donors in Lebanon. These themes have become very similar to one another, although they might lag or be labeled differently.

Third, donors revise their strategic objectives periodically. In principle, the revision process involves consultations with local partners and government agencies. However, few NGO representatives confirmed participating in these consultations, and describe them as a procedural requirement more than a conviction of the importance and benefits of NGOs’ participation and involvement. “Sometimes we spend more time meeting with donor delegations to assess needs; at the end, we find out that what we asked for is less important than what they asked us about” (Interview #15). NGO3 member added another observation,

When you send a team of experts in a particular field, let’s say education, what strategy do you expect the team to recommend other than education? The Donor is already framing its strategy. This is again a supply-driven approach; you are supplying a selective group of experts as well. NGOs involved in the process only provide feedback on issues and ideas that the experts focus on based on his/her specialization. So donors’ consultations are issue-feedback and not situational or needs assessment (Interview #16).

Other representatives questioned the involvement of some local organizations. “When Donor A wants to develop a new country strategy, it is the same group of local NGOs that have already been working with and close to the donor and know what the donor wants or even thinks. The NGOs will use or repeat the same language. It is like listening to each other in a revolving channel of communication” (Interview #16). A donor representative admitted the same weakness, pointing out the irregularity in holding consultations and the inability to involve all NGOs. This means that donor consultations do not necessarily serve the desired purposes and that not all NGOs are necessarily aware of donor plans and what is being prepared.

Finally, the donor-NGO relationship is marked by confusion on both sides. Such confusion takes different forms. Some donors’ priorities are not public, not easily accessible, or intentionally vague. An expert in the NGO field argued that “the assumption that posting your priorities on a website makes it accessible to everyone is wrong, so is the assumption of providing broad objectives to guide the NGOs. We are interested in working on environment does not tell much because what in the environmental sector you want to focus on.” This confusion manifests itself in few well-informed NGOs, but is common in many small organizations approaching a donor with different ideas that do not necessarily meet funding objectives. Donors might perceive such an approach as a lack of professionalism in the NGO sector. Donors organize outreach and information sessions and training to resolve this confusion.

A second form of confusion has to do with the organizational mission. Lebanese NGOs

are not encouraged to have specific missions because the process of amending a mission at the Ministry of Interior can be long, cumbersome, and problematic. Contrary to the simple notification needed for registering an organization, the process for amending an organization's mission requires a written approval from the Minister of Interior (Moukheiber 2004). The NGO needs to submit a detailed request to justify the need for an amendment along with copies of its file. The fact that the decision is in the hand of a minister means the process might be delayed and the NGO cannot proceed with the new line of work. It also risks the possibility of politicizing the request. According to interviewed experts, some NGOs even had to pay bribes to expedite the process. Therefore, many NGOs are inclined to adopt broad mission statements and general purposes. Thus, donors are confused with NGOs' scope of work and question their motives and professionalism.

Donors' Objectives

Before diving into the findings, it should be noted that there is a common perception among Lebanese NGOs that donors' priorities do not necessarily meet local needs, although these needs are not properly assessed in the first place (AbouAssi 2010).

Interviewed NGO representatives often asserted that each donor decides on its strategy based on national policies and not necessarily local needs. In a report, the UNDP (2009) takes a similar stand: "funding agencies come with ready-made suggestions, and it is really hard to negotiate with them the value of these projects in terms of social impact" (30). Therefore, in this view, funding is an implementation tool used in a supply-driven approach that sometimes includes pre-packaged ideas and projects (Bebbington 2004;

Edwards, Hulme and Wallace 1999).

One interviewed donor representative argued against such claims, asserting that donors do actually react and respond to local dynamics or developments and shift funding accordingly.

We must confess that to some extent, donor priorities become dominant on and adapted by NGOs. However, let me say these priorities develop through what donor representatives learn from being in Lebanon. We do see and hear the problems and can identify needs. How much these priorities align with the needs of the recipient depends on how you identify the recipient. If you mean by recipient is Lebanon, then definitely yes. If the recipient is an actor, be it a government or NGO, then maybe not (Interview #9).

The four interviewed experts could not confirm whether funding priorities are demand-driven or already determined by donors. One expert provided a balanced assessment, stating:

Lebanon needs everything. Our society is well prepared and open to any and all topics. What happens is some donors throw some big ideas to test the water. For example, donors introduced good governance as a big slogan and local NGOs captured it. This priority was not imposed per se but introduced with promised incentive, i.e., funding. So, the approach is not hierarchical, neither top-down nor bottom up. It is a cycle here: test the waters, generate response, provide funding, and implement projects (Interview #3).

Both of the two donors covered in this research (Donor A and Donor B) made numerous shifts to their funding objectives for Lebanon since 1990. In the early 1990s, Donor A and Donor B focused their efforts on livelihood support in Lebanon before peace was fully reinstated and reconstruction was launched. The themes of rural development and development in general were dominant. In the mid-1990s, as the Lebanese government

started regaining power and providing services to its people, the focus of most funding shifted to the support of government efforts in services provision. Donor A launched welfare services funding programs and Donor B funded social development projects.

By the late 1990s, Lebanon witnessed presidential and municipal elections.⁶ Donor A shifted to focus on good governance, and Donor B shifted to a focus on institutional development; both were themes championed by donors and appealed to the interests of local politicians and organizations. Since 2000, Lebanon has been witnessing insecurity, instability, and political turmoil. The Israeli army pullout from Southern Lebanon after 22 years of occupation was followed by political divisions over the extension of the term of the president and the assassination of a national leader. In 2005, the rise of the ‘cedar revolution’ brought civic participation and engagement to its highest levels until the 2006 war between Israel and Hezbollah and the political upheavals of 2007 and 2008. All donors were compelled to respond to the Lebanese government’s call for emergency and relief assistance during and after these events. When the war settled down, the two donors started preparing for the next phase of their aid priorities, and democracy and human rights found their way to the top of the funding agenda, with Donor A focusing on the former, and Donor B focusing on the latter.

NGOs’ Activities

Before discussing the NGOs’ activities and responses to the changes in donor funding objectives, it is important to stress that the four organizations in this research are

⁶ The first municipal elections after 35 years took place in 1998.

environmental NGOs. This means that their mission statements are primarily focused on the environment. To preserve confidentiality, these mission statements cannot be explicitly quoted. However, the overarching themes in these statements include: protection of the environment and conservation of natural resources; combating environmental threats and abuses; promoting environmental well-being; raising environmental awareness; and building capacities for better environmental management and engagement. Another objective mentioned in these mission statements is development, which is directly associated with and linked to the environment, environmental protection, promoting better living standards, and ensuring sustainable social development.

Again, to protect confidentiality, only the general purpose of activities carried out by the four NGOs is described. Specific details about these activities and on-the-ground implementation are important and might constitute an interesting subject for future research. The purposes of these activities are stated in the NGOs' grant applications, project documents, annual reports, and/or websites. As noted, all of the NGOs' activities are funded by the two donor agencies; however, no activities are co-funded by the two donors.

Responses to Donor A

As discussed above, Donor A reevaluated its funding objectives for Lebanese NGOs several times during the period covered by this research. Specifically, over several funding cycles, Donor A's funding objectives shifted from rural development, to welfare

services, to good governance, and finally to democracy. Figure 4.1 captures the shifts in Donor A's funding objectives and the concomitant changes in the activities of the four NGOs.

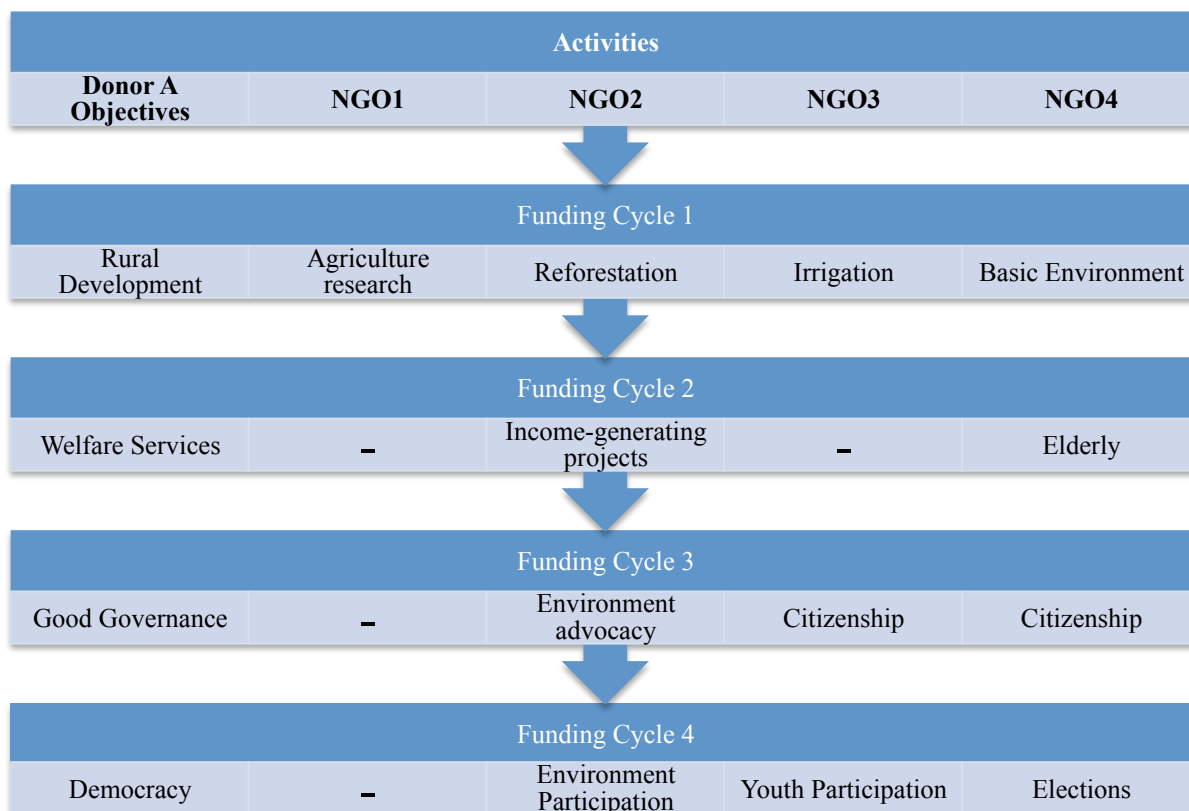


Figure 4.1: Diagrammatic Representations of Changes in Activities vis-à-vis Donor A

NGO1. In the early 1990s, NGO1 conducted research on the agriculture sector in Lebanon. The research was funded by Donor A as part of its rural development program and was one of the very first projects NGO1 implemented after its establishment. The research focused on the environmental impact of introducing certain modes of production into agriculture. Donor A's funding shift to welfare services constituted a challenge for NGO1, in part because the organization had only recently been established and was short

on resources. A former director of the NGO explained the decision to not seek funding in this cycle,

We noticed that no one was interested in scientific research. The interest of the donor was welfare service. To tell you the truth, another board member and I were in favor of considering the possibility of seeking funding to provide some service in high-polluted areas. We discussed that with other members and tried to argue that we would still be working along our environmental mission. However, at the end, we decided against. It would not be NGO1 anymore, as if we would be wearing others' clothes and not our own (Interview #1).

The relationship between NGO1 and Donor A was not only suspended for funding cycle 1, but also for the remaining funding cycles, which focused on good governance and democracy. As an interviewed NGO1 member explained,

We are an environmental group and cannot just hop around from one place to another according to donor wishes. Every time Donor A revised their funding objectives, someone contacted and encouraged us to apply. [...] We studied the criteria but could not really relate to good governance or democracy according to what the donor wanted. We said no thank you (Interview #7).

NGO2. The organization worked on reforestation with funding from Donor A under the rural development objective. The organization did a remarkable job and the public was satisfied and demanded more, as one member of the organization recalled. Although reforestation was the main motive behind the NGOs establishment, “we started doing more advanced projects other than basic planting and we expanded vertically and horizontally” (Interview #6).

Hence, NGO2 was able to sustain funding when Donor A shifted to welfare services, even though the NGO did not have a substantial role or expertise in that domain.

However, the organization approached the donor to find comfortable common ground. As the current director claimed,

We agreed on an income-generating program. All projects were both environmentally friendly and oriented. The production of goods for example was from recycled materials or local agricultural ingredients. To the donor, the project would still fit under welfare services; to us, we were working in our field and within our environmental mission. We did not have to conceal or twist the project but worked with Donor A (Interview #2).

When NGO2 heard speculation that Donor A was going to shift to a new funding priority in the next cycle, it approached the donor with questions. The NGO was able to convince the donor to allow it to work on a specific issue, and was able to secure both financial support and technical expertise. Thus, with the introduction of good governance as Donor A's main focus in the third funding cycle, NGO2 launched an environment advocacy campaign to motivate the public to work with their elected representatives and ask them to take necessary actions to protect the environment.

This mutually beneficial and balanced relationship between NGO2 and Donor A continued into the next funding cycle, which focused on democracy. Specifically, NGO2 received funding for a project that promoted youth participation in environmental debates, a project that satisfied Donor A's interest in democratic and change processes. An NGO member involved in designing that project said, "The donor found itself heavily involved; financial and technical support reflected a great deal of commitment. Our efforts and the donor's support yielded very positive results" (Interview #6).

NGO3. The relationship between NGO3 and Donor A evolved as funding objectives

shifted. The relationship started when Donor A funded a small irrigation project that NGO3 successfully executed during the first funding cycle for rural development.

However, this experience did not translate into another project when funding objectives shifted to focus on welfare services. The president of NGO3 clarified what happened:

“Donor A insisted on something that we did not see any relevance in. First, we are not a charity. Second, service provision is a government responsibility. And third, why be involved in something that has no long-term benefit for the whole society?” (Interview #11). Thus, during this funding cycle, NGO3 did not seek any funding from Donor A.

However, when Donor A shifted funding to focus on good governance, NGO3 approached the donor with a project on citizenship. A representative of Donor A explained that many NGOs applied for funding, regardless of their field of work.

“[NGO3] submitted a compelling proposal on citizenship: a creative idea and the right partner. The NGO had some management capacity to implement the project but technically does not fit the profile we needed. We accepted the proposal on citizenship because other evaluation points outweighed organizational capacity and relevance criteria” (Interview #14).

During the last funding cycle, which focused on democracy, NGO3 received a grant to promote youth participation in elections. The representative of NGO3 justified these activities, which are not necessarily related to its environmental mission, by noting “we saw other organizations taking money from the donor. We decided to do the same to sustain our programs knowing that we were committed to and could perform an excellent

job” (Interview #16).

NGO4. The organization was able to sustain its relationship with Donor A throughout the four funding cycles. With funding under the donor’s rural development objective, NGO4 conducted environmental activities such as planting trees and cleaning campaigns. When Donor A shifted to welfare services in the next funding cycle, NGO4 launched a project that provided services for the elderly. The director of NGO4 explained this decision,

We thought that the people we had been serving were in need of such services and there was the money. I am not saying that we amended our mission but, rather, our understanding of the mission has developed. If you are working on environment, you need to work with people. You cannot approach people just through environment; you need to approach them through their daily activities. It is not just about the tree (Interview #13).

NGO4 pursued funding for a citizenship project during the next cycle when Donor A launched its good governance strategy. An NGO expert who consulted with the organization explained what happened,

I was working on a service-provision project to a marginalized group. The NGO decided to start projects on citizenship when the theme emerged and there was funding. We had to work on a proposal without any prior expertise or knowledge. We transformed the whole focus from one domain to another. I did not fit and resigned (Interview #27).

During the last funding cycle, which focused on democracy, NGO4 secured a grant from Donor A for a project on education youth about voting during elections. A representative of Donor A explained its decision to fund this project, which was well out of the realm of the NGO’s focus on the environment,

We could work with any NGO as long as the project idea satisfies our objectives. [NGO4] was not planting trees but rather was providing training on certain skills. They are not experts in the field. However, we

are bound with the location and whoever exists in that location. If they are interested in working with us, we will work with them regardless of their field of operation (Interview #25).

Responses to Donor B

Like Donor A, Donor B also sustained its funding to Lebanon through local NGOs and shifted its priorities in various funding cycles. Specifically, Donor B's funding objectives shifted from general development, to social development, to institutional development, then to human rights. Figure 4.2 captures the shifts in Donor B's funding objectives and the concomitant changes in the activities of the four NGOs.

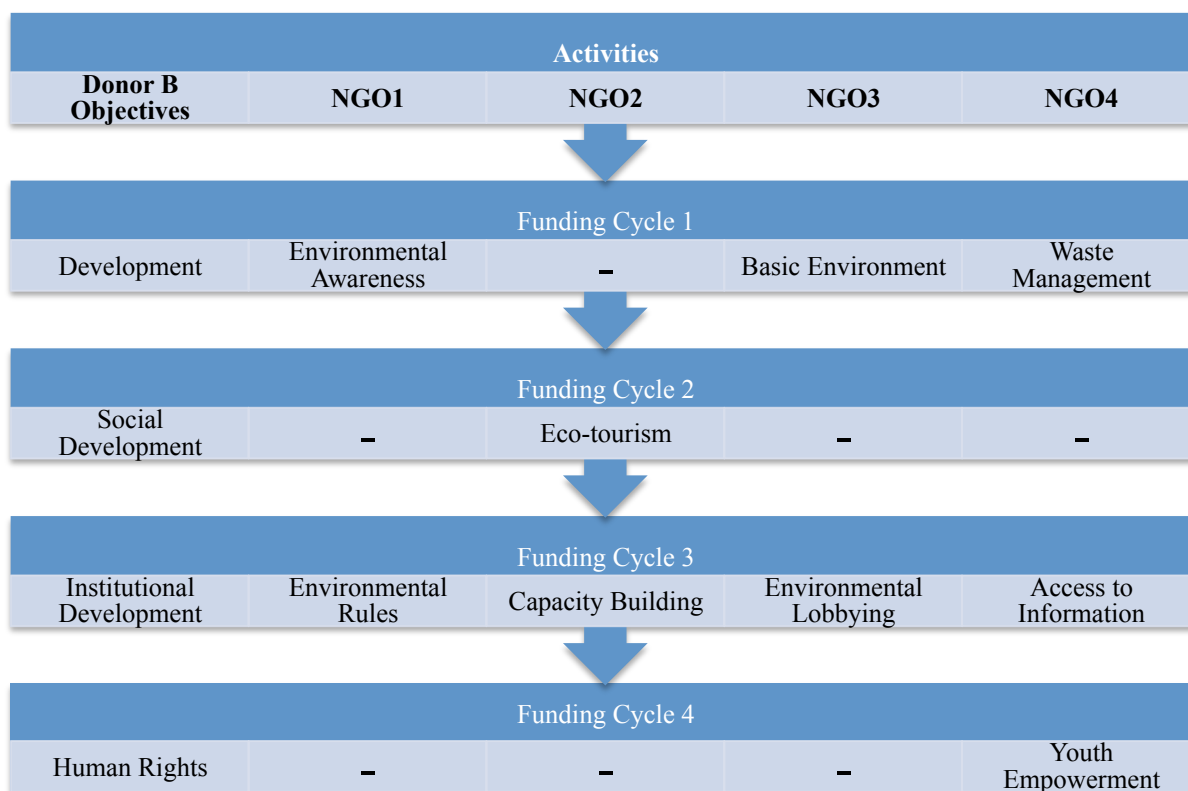


Figure 4.2: Diagrammatic Representations of Changes in Activities vis-à-vis Donor B

NGO1. The relationship with Donor B is not substantially different from its relationship with Donor A. Under its development program, Donor B funded NGO1's activities to promote and raise environmental awareness among university students. However, the shift of funding to social development did not appeal to NGO1, so the organization decided not to pursue funding. The former director explained,

We did not assemble a project on gender and social development just to chase a donor and get the funding. When one donor approached us to work on these themes, we immediately rejected the suggestion. Social development was not our job. Other NGOs are specialized and do better job. NGO1 takes pride in not diverting into other themes unrelated to environment even at its early stages of operation, although these themes are all related to development (Interview #1).

When the donor shifted its funding objectives to focus on institutional development, NGO1 applied for and received a grant to work with on environmental standards and regulations with municipalities and some members of parliament. A member of NGO1 clarified,

We were able to align both interests [NGO1's and Donor B's] under environmental institutional development... The project has different components of interest to the donor and others were to us. We approached the donor after we found our comfortable place within the framework the donor is working on. That was not the case before or after such as donor's human rights interest which was not something we wanted to get involved with (Interview #7).

However, when Donor B shifted its funding priorities to human rights, NGO1 again decided not to apply for funding. In sum, the NGO1-Donor B relationship was active during the first and third funding cycles, but inactive in the second and fourth funding cycles.

NGO2. The relationship with Donor B did not start until the second funding cycle when the donor introduced social development as its main funding objective. During this second funding cycle, and in parallel with its income-generating program funded by Donor A, NGO2 cooperated with local communities to promote eco-tourism. The director of NGO2 recalled how this project emerged,

Donor interest was in social policies. I was in that meeting when the donor agreed to allow a small component for eco-tourism projects. We argued that we would target the same areas these social policies should primarily serve. When they noticed we did not have capacity problem or hidden agendas and we always had some positive results, they agreed with us (Interview #2).

The NGO2-Donor B relationship continued into the third funding cycle, which focused on institutional development. Specifically, NGO2 crafted an activity to build the capacity of small environmental clubs and groups by providing training on management, computer, and accounting skills and techniques. A member of the NGO justified the capacity building project, by saying

Such a project does not necessarily fit our mission but we believe it served it. In Lebanon, you cannot draw a straight line and follow its path; you might need to go through allies and take several shortcuts. I thought we needed to develop the capacity of local NGOs if we wanted their help serving our mission and ensuring better environmental monitoring and management (Interview #6).

However, with Donor B's shift to human rights, NGO2 "found it impossible to be convinced that a project on human rights would not transform its whole identity. Many human rights organizations were more eligible and could do a better job" (Interview #26). Thus, NGO2 decided not to apply for any funding.

NGO3. The relationship between NGO3 and Donor B began when the donor funded a project to implement basic environmental awareness campaigns at the local level under the general development objective. The NGO3 team hoped to build a strong relationship with Donor B, but was faced with the reality that the donor had objectives that did not always correlate with the NGO's mission. Thus, when Donor B shifted to the theme of social development, the NGO refrained from applying for funding.

However, when the donor shifted to institutional development in the third funding cycle, NGO3 argued that it was able to meet the donor's new requirements and received funding for the implementation of a lobbying project on environmental issues at the municipal level. A representative of Donor B commented on that project. "I am glad we listened to the organization. The NGO figured a great idea and found the best way to implement it. All it needed was us nurturing the project although we originally did not consider lobbying, let alone environment, without our framework" (Interview #9).

With Donor B's shift to human rights in the fourth funding cycle, NGO3 did not attempt to secure funding. The president of the organization defended the decision saying, "If there were a need, we would have considered developing a project. We saw other NGOs working on human rights. Unlike citizenship [(which was funded by Donor A)], there was only so much you could do in human rights without duplicating other activities" (Interview #11).

NGO4. The reactions of for NGO4 to shifts in funding differ little from Donor A to

Donor B. During the first funding cycle, Donor B focused on general development and funded NGO4's community waste management project. When the donor shifted to focus on social development, NGO4 chose not to apply for funding. Interestingly, the NGO was conducting a welfare service project funded by Donor A at that time. According to the NGO director, the decision to not apply for funding from Donor B had nothing to do with the strategic focus of the funding cycle, but was rather a function of the NGO's lack of "capacity to simultaneously carry out two new projects. That would have actually drained our efforts and resources. We decided to try one project out" (Interview #13).

When Donor B's funding focus shifted to institutional development, NGO4 secured a grant for an access to information project that disseminated information on government transactions to the public. In this instance, organizational capacity was used to justify the organization's pursuit of funding. The manager of the project framed the justification,

We altered the focus of our work as long as we had the capability. I firmly believe that the access to public information project was important. It was relevant to everyone and that was we should be working on as an NGO. It was not directly related to environment, but we were able to professionally and effectively execute a project that had huge impact (Interview #17).

During Donor B's last funding cycle on human rights, NGO4 implemented a project to empower youth to protect and defend their rights, which ran in parallel to the youth voting project funded by Donor A. The director of NGO4 confessed,

We try to fit our ideas into the donor's clothes. We might submit the same project idea to multiple donors. The proposal will be different based on the donor. We present it in a different manner based on the perception of how it might be accepted. For example, Donor B was interested in human rights. We had to tweak our project idea to demonstrate to the donor that it fits the funding criteria (Interview #15).

When taken as a whole, these findings indicate a variation in NGOs' responses to shifts in donor funding. One mode of response is when an NGO decides to no longer seek funding from a particular donor due to incongruence between donor's new objectives and the NGO's interests. With this mode of response, the relationship between the two is suspended during that funding cycle. A second mode of response is when an NGO approaches the donor to discuss the possibility of continuing their relationship despite the donor's decision to change its funding objectives. The NGO relays its concerns to the donor with the intention of influencing the donor to waive certain criteria. Such an arrangement allows the NGO to sustain the source of funding for its environmental activities. In a third mode of response, an NGO starts new activities, perhaps even outside of its domain of expertise, in an attempt to secure the funding. The organization voluntarily decides to reshuffle its priorities to account for emerging donor preferences. I propose that Hirschman's (1970) individual self-interest theory can be applied to classify these various modes of response into a conceptual framework.

MAKING THE CASE FOR EXIT-VOICE-LOYALTY

NGOs operate in an environment dominated by other actors, namely government and donors. To perform effectively, these organizations need to exercise some influence over the environment, manage the pressures of the environment, and be appreciated by the environment. To do so, an NGO sometimes needs to strike a balance "between sufficient integration with its environment to be efficient and sufficient distance from it to be effective" (De Graaf 1987: 297; Lewis 2001). At other times, NGOs need to either distance themselves from or become transformed by the surrounding environment

(Bebbington 2004; Hearn 1998; Stiles 2002). These kinds of responses to environmental pressures are evident in the different ways the four NGOs responded to shifts in donor funding.

Hirschman (1970) constructed the typology to understand consumers' responses to deteriorating conditions in their relationship with an organization. In the original theory, an individual can respond to organizational decline in three ways: 1) s/he can *exit* and seek a better service, product, or condition elsewhere; 2) s/he can practice *voice* by communicating a complaint to the organization and hoping for improvement; and 3) s/he can be *loyal* and passively wait for the situation to improve.

According to Hirschman (1970), the consumer uses the market to defend her/his welfare. Here lies the reason why this typology resonates with this present research. Researchers refer to development assistance as an aid industry or market of supply and demand (Bebbington 2004; Kharas 2007; Van Rooy 1998; Van Rooy and Robinson 1998). A donor representative described the situation: "Lebanon is a highly saturated market. You have international donors competing to find suitable local NGOs to fund. In reality, there is abundance in financial resources that NGOs can afford to pick and choose their funders" (Interview #10). Therefore, there is 'market similarity', which supports the application of Hirschman's (1970) typology and its extension in this research. More specifically, in this situation, NGOs can be seen as consumers of a product (i.e., funding) from donors. Changes in the supply of these financial resources lead to dissatisfaction among NGOs because they are dependent on the donors for external sources of funding.

Another aspect that should be highlighted here is that the *exit-voice-loyalty* typology (and its subsequent modifications and applications) operates at the level of the individual. The research on hand applies the typology to aggregates of individuals, i.e., organizations (Pfeffer 1982). Organizational studies encompass the perspective of organization as an open system, a “coalition of shifting interest groups that develop goals by negotiation [...] influenced by environmental factors” (Scott 1987: 23, Baum and Rowley 2002). Scholars maintain that organizations and organizational behavior could be understood by considering the behaviors of individuals within the organization (Collins 1981; Schelling 1978). In other words, “there is a relation between the behavior characteristics of the individuals who compose some social aggregate and the characteristics of the aggregate” (Pfeffer 1982: 19).

Khalil (1997) argues that a firm needs to be directed by goals, and it can be treated as an individual under the condition of consented goals. The idea of consented goals “stipulates that the member has already consented to the right of the organization to override his/her right concerning what is the common good” (Khalil 1997: 538). The consented goals condition is applicable to NGOs. These organizations are established for a public benefit or a broader common good, driven by the ethos of voluntarism and public service and by the desire to articulate and actualize a particular social vision (Salamon and Anheier 1992; Vakil 1997). An NGO’s mission is the result of the goals and a small set of interrelated values of the individuals that constitute the organization (Padaki 2000, 2002). The mission represents aggregate preferences and interests.

In brief, as Scott (2003) succinctly frames the argument, “organizations must be viewed as actors in their own right. They take action, utilize resources and can own property” (7). That is why we can speak of both “natural persons (you and me) and juristic persons (Red Cross and General Motors)” (Scott and Davis 2007: 6). Accordingly, it is possible to apply Hirschman’s (1970) typology to organizations.

However, this is where the issue of agency becomes a factor, complying with Hirschman’s analysis but at the same time challenging or imposing a limitation on it. Agency refers “not to intentions people have in doing things but to their capacity of doing things in the first place.... agency concerns event of which an individual is the perpetrators, in the sense that the individual could, at any phase in a given sequence... act differently” (Giddens 1984: 9; Caldwell 2006).

Agency is the core of analysis in Hirschman’s (1970) typology. The typology begins with the assumption that the individual is driven by her/his personal interests and therefore s/he uses the market to defend her/his welfare and benefits (Hirschman 1970). Basically, the consumer is practicing agency in making the suitable decision that serves his/her interest. Several factors may influence the decision of a consumer in response to the deterioration of a situation. However, it is within the capacity of the individual to assess these factors and take a necessary course of action that serves his/her self-interest at a certain point in time. For example, a consumer might be willing to take the risk at an early stage of deterioration in product quality or relationship, and explore the possibilities

of practicing *voice* rather than *exit*. However, the same consumer might later prefer to look for other options elsewhere due to lack of interest in waiting for the uncertainties of *voice* (Dowding et al. 2000; Farrell and Rusbult 1981; Gehlbach 2006; Hirschman 1970; Light et al. 2003; Matland 1995; Nooteboom 1999).

Scholars in organizational theory (Baum and Rowley 2002; Donaldson 1999; Eisenhardt 1989; Hannan and Freeman 1977; Pfeffer and Salancik 1978; Scott 2003; Shapiro 2005; Thompson 1967) consider that organizations are driven by some form of self-interest, be it to reduce uncertainty in the environment, to protect core technology, to change to better fit its context, or to actually survive. Therefore, organizations also enjoy a certain degree of agency in their actions. Even from the new institutional perspective, DiMaggio (1988) asserts the impact of interest and agency on the institutional environment processes by which organization change, grow or erode. However, like individuals, organizations are restricted by constraints, contingencies and variables that lead to bounded-rationality. Bounded-rationality helps organizations decide on the most satisfactory alternative instead of continuing the process of searching and assessing all other options (Pfeffer 1982).

This assumption can be applied to nonprofit organizations. These organizations do enjoy agency and are driven by a certain degree of self-interest that determines their behaviors. Several studies (Alexander 1996; Barman 2002; Edelman 1992; Grønbjerg 1993; Tschirhart 1996) highlight this issue. Nonprofits are more proactive in managing their institutional and resource environments than we might assume. Barman (2002), for

example, uses the United Way as a case study to argue that a nonprofit can protect its interests by actively differentiating itself from its rivals when competition over external resources emerges. Edelman (1992), on the other hand, relies on a nationwide survey of 346 organizations to show that organizations have a relative degree of agency in responding to employment regulations. Surveyed organizations constructed various meanings and symbols of compliance following the 1964 Civil Rights Act in a way that complied with the Act but at the same time served and protected organizational interests. In her study on nonprofit arts organizations, Tschirhart (1996) argues that nonprofit managers can leverage different strategies to respond to stakeholder problems. These strategies fall under two broad approaches: improve congruence of interpretations of values and outcomes with the stakeholders to resolve the problem or attempt to reduce the negative consequence of problems. The author recommends the nonprofit manager to “proactively search for stakeholders who hold more compatible values and norms” (79) in order to avoid any potential problem of incongruence in values or norms. While this is not always possible or practical, such a strategy would be a clear manifestation of agency.

However, nonprofits might also challenge the assumption, at least partially. These organizations exist as non-profit distribution entities that work for the benefits of members and non-members, or a public benefit at large (Salamon 1999; Salamon and Anheier 1992; Vakil 1997). Organizational missions serve broader interests and decisions are not necessarily made based on limited preferences of the members of the organization. Rather, the management of a nonprofit accounts for the interests and needs of, and possible implications on, constituents beyond the organization (Wallace et al.

2006). Therefore, when an NGO is in the process of making a decision, it can practice agency but it might not be driven by self-interest. This is where agency in nonprofits might challenge Hirschman's (1970) analysis.

In his analysis, Hirschman (1970) links agency to economic factors, which shape individual behavior. His attempt to incorporate non-economic factors into the decision-making process falls short of being comprehensive. On one side, *exit* and *voice* are separately associated primarily with market systems and political systems, respectively. Although there are some applications of the two concepts in both fields, *exit* is an economical self-interested choice and *voice* is a political action (Dowding et al. 2000; Hirschman 1970). This allows the reader to conclude that a decision to *exit* is more than likely driven by economic considerations than any other factors. On another side, Hirschman's (1970) analysis relates the choice between *exit* and *voice* to the elasticity of demand for a particular product or service. Inelasticity in demand does not favor the practice of *voice*, making *exit* a more favorable option (Dowding et al. 2000). Therefore, there is some limitation in using such an approach.

To juxtapose, Wallace and colleagues (2006) consider that compliance to external actors in accordance with organizational interests might be mediated by commitment to stakeholders. In a study that addresses the same subject of this present research, the authors use three concepts, coercion, compliance, and commitment, to understand the relationship between NGOs in the Global South and their foreign donors. In this relationship, donors have the upper hand. They leverage the power of providing funding

and determining grant criteria and requirements to force NGOs to act in specific ways (Markowitz and Tice 2002; Wallace et al. 2006). However, the authors note that coercion and compliance usually go hand-in-hand. Compliance is more related to the NGO's agency and self-interest than simply to external force imposed by donors. "Compliance with [...] the terms and regulations of a grant are seen as an enviable outcome of the aid chain" (Wallace et al. 2006: 4). In other words, interest in funding and in being part of the aid industry result in the NGO's acceptance of donor requirements.

Interest in financial resources is the obvious economic factor that might influence an NGO's decision. Nevertheless, the authors stress another concept, commitment, which illuminates the agency of the organization on the one hand, and the non-economic factors on the other. Reflected in the mission of the organization and the dedicated work of its staff, commitment "is the reason for doing the work that goes beyond day-to-day monetary or status rewards, or even organizational survival" (Wallace et al. 2006: 5). An NGO might be motivated by moral and social obligations that counterbalance, if not outweigh, its need for financial resources. Commitment to a cause allows the organization to respond in multiple ways beyond automatic compliance to donors. Therefore, economic factors are not a sufficient and necessary determinant.

Regardless of the power dynamics that some researchers (Ishkanian 2006) forewarn against, NGOs enjoy agency in their behavior. The accumulation of non-economic factors (including power and politics) is what exposes and entrenches variations in behavior and in selection of the mode of responses to shifts in donor funding. Therefore,

Hirschman's (1970) typology might be useful, but to a certain extent since it does not adequately account for all variations in behaviors of organizations—particularly that of NGOs. The present research uses this limitation as an argument to suggest modification to the typology before applying it to organizations.

Other scholars have suggested amendments to the exit-voice-loyalty typology. For example, Rusbult and Farrell (1982) added the category of neglect, which describes “lax and disregardful behavior” (Farrell 1983: 598), and O’Leary (2006) suggests guerrilla behavior, which is when an actor works against decisions from within the organization. While both are useful concepts, neither works as an addition/modification for the cases under study here, because NGO activities are under scrutiny. First, the work of NGOs is usually public and covered by the media, which makes it hard for these organizations to seek funding from a donor to do one thing but continue to do another. Second, donor attention to visibility and publicity of the funding, as all interviewed NGO representatives confirmed, makes any such intentions harder. Third, donors have elaborate systems to track funds, monitor programs, and evaluate success through criteria such as number of beneficiaries and program cost-effectiveness. Finally, working against the decision from within is not fruitful, let alone possible. The only way an NGO can work against the donor decision from within is through the consultation process. However, as discussed earlier, this process is not perceived by NGO representatives as effective or participatory.

To modify Hirschman's (1970) typology in a way that captures NGO responses to shifts in donor funding, I modestly reinterpret some categories and introduce a fourth category

that I label '*adjustment*'. *Adjustment* occurs when NGOs willingly and voluntarily decide to adjust their activities in an attempt to meet the changes in donor funding priorities. To elaborate, I commence with additional interpretation of the findings.

ANALYSIS AND INTERPRETATION OF FINDINGS

Further analysis of the findings relies on qualitative research methodology suggested by Miles and Huberman (1984: 15), which is “practical, communicable, and non-self-deluding - in short, scientific in the best sense of that word.” To give specific meaning and precision to words and expressions that might be difficult to compare in qualitative research, the analysis must focus on identifying and understanding concepts, patterns, and themes in the data. This is done in two steps.

First, the research needs to construct a data display, which is used to “assemble and organize information in an immediately accessible, compact form, so that the analyst can see what is happening and either draw justified conclusions or move on to the next-step analysis which the display suggests may be useful” (Miles and Huberman 1984: 21).

Second, the research needs to reduce the data into specific observations based on quality and recurrence. This iterative process results in compiling specific data, or first-order concepts, which are then used to help generate second-order concepts. The “first-order concepts – the so-called facts of a qualitative study, never speak for themselves and the second-order concepts are the notions used by the researcher to explain the patterning of the first-order concepts” (Miles and Huberman 1984: 145).

In this approach, facts are the observations made or the data collected, and notions or patterns are the analytical categories or meanings a researcher gives to the facts using specific codes for interpretation. As certain patterns become associated with each other and occur concurrently, they emerge into themes that are either identified through theoretical assumptions or induced by the researcher. Based on the 30 interviews that were conducted for this research, Table 4.2 shows the concepts and patterns that emerged during this qualitative data analysis process. The proposed themes rely on a theoretical framework.

Table 3.2: Progression from Concept-Structures to Patterns and Themes

First Order Concept-Structures	Second Order Categories-Patterns	Theme
<p>Does not want to go into this maze Decided against any change of activities Not do what the donor wants Committed to working on specific causes and do not change their objectives and goals Not like other NGOs that deviate from their route into other routes Not do projects that restrict or even redefine our scope of work Not gear their interests to donors' agenda Do not shift my identity Not after funding if it does not fit under our objectives Does not divert into other themes unrelated to environment Never change focus of proposed projects No compromise... No concession</p>	<p>Divergence of interests</p>	
<p>Why bother shifting or soliciting funding? Does not shift to another target if and when a donor wants Does not apply if funding focus is very far from its own focus Declines to respond to donors' new priorities We have the power to say NO More resistant to change No longer securing funding from donor Not apply for funding if it knows where it is heading Not interested Refused to apply</p>	<p>Not apply for funding</p>	<p><i>Exit</i></p>
<p>Not working with the donor anymore Not to reenter again in a relationship with donor Stop relationship with a donor Prefer to stop work and not change the mission</p>	<p>Suspend relationship</p>	

<p>Brainstorm Reach out and talk more to the donor Open to ideas from groups we have relationships with Discuss things with the donor- in dialogue and not debate Listen more to what the NGO is saying Approach donor and make a strong argument Able to convince donor to work on this theme</p>	<p>Negotiation and dialogue</p>	
<p>Know what we and the donor want Combining our priorities Reach some middle ground with it Demonstrate that our work still fits donor's new interests Find a comfortable place within the framework of the donor Bridge between our work and donor interests Find a balance Find a match between interest and donor's objectives</p>	<p>Balanced interests</p>	<p><i>Voice</i></p>
<p>Continue the work Interested in sustaining the relationship with the donor Stabilize the relationship</p>	<p>Maintain relation</p>	
<p>Donor decision to make the move Adopt donors' identity Change color to match the donor's</p>	<p>Dilution of interest</p>	
<p>Just act upon the donor's commands Only do the work when donor decides Work on something completely irrelevant to previous work</p>	<p>Comply automatically</p>	<p><i>Loyalty</i></p>
<p>Shadows of donors Donor worshipers The creation of the donor Donor is their mother and father Established by a donor to execute the donor agenda</p>	<p>Attach to donor</p>	

<p>Do not want to say no Change projects according to donor priorities Respond favorably to donors Abandon stated mission, working on something totally new Gear activities towards donor criteria Bending its mission Flexible enough to accommodate almost anything Generate ideas relevant to funding objectives</p>	<p>Accommodation of interest</p>	
<p>Adapt to conditions dictated by donors Act abruptly to get funding Added another component to what it used to do Adopt new themes Projects not in its areas of expertise Such NGOs are changing their mentality according to the donor's interests Tweaks or twist its work Branches out or moves away from mission Shift focus entirely to a new domain Enters into an alien domain Hop from one activity to another Spreads itself too thin Transfers green into yellow and yellow into blue</p>	<p>Alter activities</p>	<p><i>Adjustment</i></p>
<p>Get donor funding Chase donors Keep the flow of money Run after the money Knows what to do: stretch, write a proposal and apply for funding Ready to say yes to any funding Need resources</p>	<p>Retain funding</p>	

PROPOSED CONCEPTUAL FRAMEWORK OF EXIT, VOICE, LOYALTY, AND ADJUSTMENT

Based on this coding protocol, we can now return to the NGOs' responses to shifts in donor funding and examine them in light of a modified Hirschman (1970) typology, which now includes exit, voice, loyalty, and adjustment. Using the four categories in the modified typology, Figure 4.3 captures the responses of the four NGOs to shifts in funding by Donor A and Donor B. These responses are discussed in detail below.

Donor	Funding Objectives	Nature of Activities				
		NGO1	NGO2	NGO3	NGO4	
A	Rural Development	Baseline for Comparison				Funding Cycle 1
B	Development					
A	Welfare Services	Exit	Voice	Exit	Adjustment	Funding Cycle 2
B	Social Development	Exit	Voice	Exit	Exit	
A	Good Governance	Exit	Voice	Adjustment	Adjustment	Funding Cycle 3
B	Institutional Development	Voice	Adjustment	Voice	Adjustment	
A	Democracy	Exit	Voice	Adjustment	Adjustment	Funding Cycle 4
B	Human Rights	Exit	Exit	Exit	Adjustment	

Figure 4.3: Diagrammatic Representations of NGO Responses

The first mode of response discussed in the cases is when NGO1, for example, decided not to apply for funding when Donor A shifted from Rural Development to Welfare Services then to Good Governance and finally to Democracy. The same response

occurred when the NGO decided not to apply for funding from Donor B in funding cycle 2 (Social Development) and funding cycle 4 (Human Rights). The former director of the organization elaborated on the decision:

Decisions on funding evolved from personal conviction based on principles and values into an organizational policy. First, we do not see any donor as a continuous source of funding. Second, we do not believe whenever there is money we have to get part of it. Third, a donor should not impose any agenda on us, nor should be contributing to pollution or violations of social justice. [...] That was why we did not seek additional funding from Donor A after our first project and this is how we now still decide on donors to approach (Interview #1).

The same mode of response was used by NGO2 and NGO3 during the course of their relations with Donor B. Specifically, NGO3 did not seek funding during cycle 2 (Social Development) and both NGO2 and NGO3 did not seek funding during cycle 4 (Human Rights). Similarly, NGO3 did not pursue funding when Donor A shifted to focus on Welfare Services during funding cycle 2. Regarding the developments in its relationship with donors, the president of NGO3 president expressed frustration, asserting, “it should not be the case that because a donor had funded one small project it gained the full right to make and impose decisions. We faced that with some donors and left them for a while” (Interview #11).

This first mode of response corresponds with the notion of *exit*. According to Hirschman (1970), *exit* occurs when an individual customer expresses dissatisfaction with a decrease in quality or benefit of a certain service or condition by no longer seeking the service from its provider and shifting to another. How, then, does an NGO exit?

In the cases recapped above, NGO representatives expressed dissatisfaction and frustration with the relationships with donors, especially when donors decided on new funding objectives that these organizations perceived as incongruent with their organizational or broader interests. As one NGO representative framed it, “we did not see ourselves anywhere in the new scheme of funding” (Interview #15). This dissatisfaction becomes manifested in an organizational decision about whether to seek donor funding. Therefore, when an NGO loses interest in complying with the associated modified criteria of new donor funding, it decides to no longer seek funding from that particular donor. Accordingly, the relationship between the two is suspended during that funding cycle. In such a case, the NGO does not apply for funding from that particular donor and may pursue other funding sources that the organization perceives as a match that could possibly provide more satisfactory conditions.

As Table 4.2 displays, this mode of behavior was common among the NGOs studied. NGO and donor representatives and experts in the NGO field repeatedly used terms and expressions such as ‘not gear interests to donors’ agenda’, ‘funding focus is very far from focus’, ‘not do projects that restrict or even redefine our scope of work’, ‘decided against any change of activities’, ‘refused to apply’, ‘do not change their objectives and goals’, ‘not to reenter again in a relationship with donor’, and ‘prefer to stop work’. Certain patterns emerge from these observations. First, there is a divergence of interests between the NGO and the donor as funding priorities change. Second, and as a result, the NGO decides not to apply for funding. Finally, the NGO’s relationship with a particular donor is suspended. These patterns feed into a common theme: a response of *exit*.

A second mode of response applies to NGO1 and NGO3 in their relationship with Donor B when the funding focus shifted to Institutional Development. NGO1 was able to convince the donor to fund a project to develop environmental rules with local municipalities, while NGO3 implemented a project on environmental lobbying at the local level, although the environment and lobbying were not considered of integral interest to Donor B, as one official indicated.

NGO2 shared the same experience with both donors, A and B, throughout the four funding cycles (except one). NGO2 implemented four different programs, all related to the environment, under new donor conditions. Specifically, with funding from Donor A, it launched an income-generating program under Welfare Services, an environmental advocacy project under Good Governance, and an environmental participation project under Democracy; with funding from Donor B, it launched an eco-tourism program under Social Development. A donor official commented,

We are open to listen to the NGOs within certain margins. In several cases, we were approached by local organizations making compelling cases. They were able to bring their ideas down from a dream to a plan, and still paint a nice picture for us. We listened to them and were not able to turn them down. With some flexibility on our side, we were able to meet their requests within the funding scheme in place (Interview #8).

This second mode of response reflects practicing voice. Hirschman (1970) talks about consumers who become dissatisfied with a certain *service* and complain to the service provider. By practicing *voice* and communicating with the provider, those consumers hope to be heard as they are interested in maintaining the relationship, rather than to

escaping from it. So how does an NGO practice *voice*?

Voice can be used as a mechanism by an NGO interested in pursuing its relationship with an existing donor despite changes in funding objectives and without sacrificing its own goals and objectives. When a donor shifts the focus of funding, an NGO decides that it needs to address its concerns about the shifts with the donor instead of escaping the situation and avoiding the donor. The intention here is to influence the donor's agenda by aligning the donor's priorities as closely as possible with the organization's own interests. *Voice* is practiced here to allow the NGO to secure funding for project ideas that do not divert far from its stated objectives and mission. The two determinants of *voice* are secured funding and an environment-related program. As an expert on the NGO sector remarked, "donors agreed to waive certain criteria which allowed these organizations to continue doing whatever they have been doing with a sustained source of funding" (Interview #18). This was the case for NGO2's income-generating program, for example. Donor A's interest was welfare service; NGO2's interest was the environment. The discussion between the two sides allowed NGO2 to implement a program that was not 'welfare' as typically defined by the donor. The implemented program supported small projects that served the environment through using recycled material, producing organic products, and establishing plants and seeds nurseries, which, at the same time, generated income (i.e., welfare) for beneficiaries.

As Table 4.2 shows, the interviewees reported many observations that describe this mode of behavior. In particular, there were recurring terms and expressions such as 'discuss

things with the donor’, ‘brainstorm’, ‘reach some middle ground’, ‘accommodate interests’, ‘find a match’, ‘bridge between our work and donor interests’, and ‘interested in sustaining the relationship.’ Here, a different set of patterns is noticeable. First, the NGO engages with the donor in negotiation and dialogue on ideas and activities. Second, as a result, there is a balance between NGO interests and donor priorities. Finally, an NGO’s relationship with a particular donor is maintained and stabilized. The theme that emerges from these patterns is the mode of *voice*.

Following Hirschman’s (1970) typology, an assumed third mode of response is *loyalty*. *Loyalty* is a passive response to the deterioration in a service, product, or relationship. A loyalist waits in silence hoping that a product or a product provider will go back to the original favorable condition. *Loyalty* “means strong attachment to an organization that does not seem to warrant such attachment because it is so much like another one that is also available” (Hirschman 1970: 81). That means that the consumer sticks with an organization due to some favorable characteristics peculiar to the organization and not necessarily to the product it is providing, which could ostensibly be found elsewhere.

As Hirschman left *loyalty* underdeveloped, several scholars have attempted to expand on the concept (Dowding, et al. 2000; Drigota et a. 1995; Gehlbach 2006; Hoffmann 2006; Leck and Saunders 1992; Organ 1988; Withey and Cooper 1989). To some, *loyalty* is just an attitude that encourages *voice* and deters *exit*. Applying this argument to the third mode of response mentioned above is challenging. The reported cases of NGO reactions clearly show that these organizations did not exit their relationship with the donor.

However, the NGOs did not engage in active communication with donors to discuss concerns and convey feedback, which is what practicing *voice* is all about (Hirschman 1970). Therefore, *loyalty* here cannot be perceived as an attitude that materializes into an active practice of *voice*. This then credits the counterargument that *loyalty* is a distinct behavior, just like *exit* and *voice* (Rusbult, Zembrodt, and Gunn 1982; Withey and Cooper 1989).

However, there is a practical limitation in fully accepting this argument and applying *loyalty* to the third mode of NGO response. First, *loyalty* is described as a passive behavior (Hirschman 1970; Rusbult, Zembrodt, and Gunn 1982), while the findings indicate that the NGOs neither remained patient nor were silent. These organizations had to react to certain disturbances in their relationships with donors caused by shifts in donor funding. Their responses were active. For example, NGO2 had to follow a new path when it launched the capacity building program during Donor B's third funding cycle on Institutional Development, and NGO4 had to develop its expertise and knowledge to pursue a project on citizenship during Donor A's third funding cycle on Good Governance. Second, Hirschman (1970: 77) alludes to a distinction between attachment to a product and attachment to an organization as a product provider. Dowding and colleagues (2000: 476) endorse this distinction, asserting that "loyalty to a product is surely very different from loyalty to an organization." Basically, a product might be sought elsewhere, but an organization might be irreplaceable, particularly if the organizational niche is poorly populated (Hannan and Freeman 1977, 1984). In the findings, NGO representatives referred to local needs and organizational interests as

motives for this particular form of behavior; they did not reference an attachment to the donor as an entity or source of funding. The interest was in funding as a product or in retaining the benefits of a relationship with the donor.

Having said that, *loyalty* should not be dismissed as a mode of response, although it does not characterize any responses to funding shifts in the findings. Here, I underscore Drigota and colleagues' (1995: 596) reasoning that "loyalty is less visible than the other responses" because it is more associated with complicated conditions than just a behavioral response to dissatisfaction. I attempt to explain *loyalty* based on observations made by experts in the NGO field in Lebanon.

As a response to shifts in donor funding, I interpret *loyalty* as attachment to an organization or a relationship and not to a product or an outcome resulting from the relationship (cf. Dowding et al. 2000). With this distinction, the exercise of *loyalty* is likely to be particularly prevalent among so-called 'donor-organized NGOs,' that is, NGOs that are directly set up by donors to carry out their agendas in developing countries (Loung and Weinthal 1999; Vakil 1997). Although limited in number, these Donor-NGOs are established as 'local' NGOs; they are registered like any other NGO in a particular nation, and are considered to be part of the NGO sector. Sometimes these Donor-NGOs receive a substantial amount of aid funds channeled to a certain country. As such, *loyalty* to their creator, the donor, is likely to be the salient characteristic of these NGOs.

Several experts in the Lebanese NGO sector supported this proposition. One remarked, “Some NGOs became the shadow of the donors. These organizations work at the very local level without a clear vision. One day they worked on environment and the next day they started women empowerment projects. Local areas need such projects but it was a donor decision to make the move” (Interview #3). Another observant called for evaluating the activities of these organizations to grasp their loyalty to donors. First, these NGOs have more activities when the donor has more funds and very minimal activities when the donor allocates funding to other qualified NGOs. Second, these NGOs are more visible than other well-established NGOs. Being linked to donors, their activities are well attended and publicized. And third, “these NGOs are donor worshipers. They adopt the donors’ identity. [...] One changed the color of its own website to match the donor’s” (Interview #12).

Another NGO expert highlighted a known case of a group of people who were brought together by a donor to establish an NGO to serve a new donor agenda:

The NGO received a big grant from the donor to implement a series of activities. When funding ended, the NGO stopped its activities, as if the NGO was established for that purpose only. A few years later, we heard that NGO received a new grant from the same donor to work on something completely irrelevant to its previous work. Following that, the NGO became inactive once again (Interview #22).

These organizations, usually labeled by donor representatives as implementers (not even sub-contractors), swing with the shift in donor funding regardless of whether the new funding is channeled to areas close or alien to their original field of work, or whether there is a local need or organizational interest. This is a clear manifestation of the top-

down or supply-led approach to development assistance, wherein a donor comes with pre-packed projects to fund ideas that the local partners have little say about, either in terms of planning or implementation (Bebbington 2004; Doornbos 2003; Edwards et al. 1999; Hearn 1998; Lindenberg and Bryant 2001; Ottaway 2000; Schlesinger 2007).

In short, these Donor-NGOs relinquish autonomy and the ability to decide on what to do and how to react. The descriptive meanings in Table 4.2 show certain patterns in this set of observations. First, there is a strong attachment to the donor, as an institution as well as a source of funding. Second, there is a dilution of NGO interests and a favoring of donor interests. Third, there is automatic compliance with changes in funding priorities. These patterns well reflect Hirschman's (1970) unconscious loyalist behavior 'free from felt discontent.' This behavior is reflected in automatic responses to donor interest, associated with a lack of agency or active reaction (Hirschman 1970). Therefore, the *loyalty* category in the proposed conceptual framework is exclusively limited to these Donor-NGOs. I recognize the limitations related to *loyalty* as treated here and, particularly, the difficulty in identifying and researching these types of organizations. However, *loyalty* is expected to be a less common behavior among NGOs who are not a direct affiliate of a donor.

The cases also revealed a new category for the typology—*adjustment*. *Adjustment* occurs when NGOs reshuffle activities and priorities to accommodate changes in donors' funding preferences. Examples of adjustment abound in the cases. During Donor B's Institutional Development funding cycle, NGO2 practiced *adjustment* in implementing its

capacity building program. Likewise, NGO3 practiced adjustment during Donor A's funding cycles on Good Governance and Democracy. NGO4 exercised adjustment more than the other organizations. Specifically, it used this mode of response for funding cycles 2, 3, and 4 of Donor A, and for cycles 3 and 4 for Donor B. A donor representative provided an observation and a justification of *adjustment*:

Do not forget. We evaluate proposals and not applicants. We are evaluating what is presented on paper and not what might be the reality. [... T]his procedure might ensure transparency and avoid bias. However, we notice shifts among NGOs. Environmental NGOs try to come up with governance or institutional development programs while before that they were working on planting trees. This is a shift whether they admit it or not. They are bending their mission to the limit to get the funding. During implementation, they will be surprised with their inability or lack of understanding of the project and its deliverables (Interview #19).

Interviewees provided abundant observations to describe this mode of behavior. As shown in Table 4.2, there were numerous recurring terms and expressions, such as 'adapt to conditions', 'change', 'adopted new themes', 'tweaks or twist its work', 'gear', 'bend mission', 'flexible enough to accommodate', 'ready to do anything', 'stretch', 'steps away from the mission', and 'ready to yes to any funding' that continuously recurred to form certain patterns that could not go unnoticed. The first pattern is the accommodation of donor interests, usually at the expense of organizational mission. The second pattern is altering the nature of activities, and the third pattern is the retention of the funding stream. These patterns justify the emergence of *adjustment* as a mode of NGO response to shifts in donor funding.

Adjustment is an active response to deterioration in the quality of a service or relationship. An individual or organization does not look elsewhere, or complain, or

remain silent and faithful, or even neglect the situation. The individual or organization actively and deliberately decides to alter attitude or behavior according to the changes in the environment. *Adjustment* means that a consumer might need to lower expectations or alter standards to accommodate the changes or interests of the service provider. In the cases herein, the NGOs altered their activities. There is a vested interest in the service or the relationship—due to the associated benefits—more than an attachment to the source or provider.

Adjustment can (and should) be clearly distinguished from *loyalty* by examining and verifying the nuances in the NGOs' responses. There are two main ways to do this. First, if *loyalty* refers to unconscious decisions to remain in a relationship (Hirschman 1970) and dilute self-interest, then *adjustment*, in contrast, applies to conscious or discretionary decisions to accommodate donor interests. Because these are conscious decisions, they can be made only after an internal deliberative process about how to react to a shift in funding objectives. In this case, the NGO's response is neither imposed nor required, but rather made at the full discretion of the organization. This reasoning was expressed by a representative of one NGO undergoing such adjustment, "If we want to implement a project, we need funding. We need to work not just according to donor criteria. It is like applying for a private loan. You really need to think about it and consider the options. For us, we considered these options and deliberately decided to broaden the scope of our work" (Interview #16).

Second, if *loyalty* is the attachment to a relationship or organization (Dowding et al.

2000), then *adjustment* is the attachment to the funding an organization (i.e., a donor) provides. In this case, an NGO does not practice *adjustment* because it wants to retain a relationship with a specific organization. The motive is the benefit from the relationship that the NGO might have to give up. An NGO representative supported this observation by explaining that the organization benefits by serving its constituency. “We needed the funding because we thought it is better for our organization and the people we are serving to have our feet in several playgrounds at the same time” (Interview #13). However, an interviewed NGO expert was critical of such justification, labeling these organizations as funding-driven. “They go to where the money is. The motive behind their behaviors is funding and the excuse is the need. The claim is the broad mission and the local need to do more in that field. However, where is the track record? And where are your assessment studies?” (Interview #20).

Many NGOs working in different fields ‘ride the fashion waves’ set into motion by donors (Challand 2005). This is not peculiar to environmental organizations; funding is attractive to many NGOs. It is used not just as a respirator for work, but also as a compass to expand operations. To obtain funding, some NGOs are willing to change everything—their names, policies, and activities—to adhere to the new ‘fashion.’ For example, welfare NGO, ‘Charitable Welfare’, when it noticed that millions of dollars were coming for microcredit changed its name to be ‘Better Livelihood’. ‘Care for Elderly’, as a name, did not suit the funding that another NGO was seeking. It created another generic name. A third NGO, ‘Needs of Disabled’, is now known as ‘For Development’. The name of the associations changed along with their activities

(Interviews).

This trend is not limited to NGOs in Lebanon, to NGOs in developing countries, or to NGO relationships with foreign donors. Rather, it is common across donors, sectors, and nations. Several studies warn about the risks of such practices (Brainard and Brinkerhoff 2004; Brouwer 2000; Chambers and Pettit 2004; Doornbos 2003; Hanafi and Tabar 2003; Morfit 2011; Murphy and Bendell 1997; Rahman 2006). In particular, research on nonprofits in various sectors, such as community development, arts organizations, and museums, among others, suggests that adjustment for the purposes of obtaining external funding can lead to goal displacement (Alexander 1996; Barman 2008; DiMaggio 1986a, 1986b; Froelich 1999; Grønbjerg 1993; Lipsky and Smith 1989/1990; Useem 1987). Interviewed experts also criticized this trend. As one stated, these organizations “hop from one activity to another because funding is available, covering environment, women, education, and so... This is a weird mix. The goal is securing money and the motivation is self-sustainability. NGOs invest minimum time and effort into it just because they know this is temporary. It is a seasonal practice. This is neither natural nor healthy; it is short lived” (Interview # 27). Therefore, *adjustment* could be minor, and considered to be a transparent compromise. However, it could also pose a substantial risk, resulting in a blind co-optation of the organization by the funder (Eade 1993). In such situations, NGOs may lose touch with their own missions as their “roles are determined ... by donor fashion” rather than by other important factors (Edwards et al. 1999: 130).

In summary, I build on Hirschman’s (1970) typology of *exit*, *voice*, and *loyalty* to capture

NGO reactions to shifts in donor funding. As the visual illustration in Figure 4.4 exhibits, I propose a modified typology that encompasses four responses, including:

1. *Exit*: An NGO decides not to seek funding from a particular donor due to divergence of interests, and therefore suspends the relationship.
2. *Voice*: An NGO decides to negotiate with the donor to balance the interests of the two parties and maintain the relationship.
3. *Loyalty*: An NGO automatically complies with changes due to dilution of its interests and attachment to the donor.
4. *Adjustment*: An NGO practices agency and voluntarily alters its activities to accommodate donor interests and retain funding.

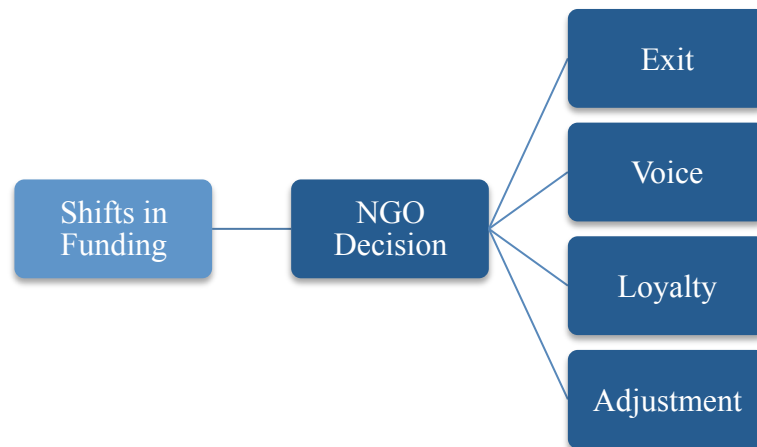


Figure 4.4: Changes in NGO-Donor Relationship

The analysis of the cases reveals several points worth discussing. First, in the modified typology, *exit* and *voice* represent a form of agency, which refers to the intention and

ability to both take an action and then change the action (Caldwell 2006; Giddens 1984: 9). *Loyalty* also arguably displays agency, since it is an intentionally passive, resigned behavior. However, the cases in this current study showed NGOs practicing more agency when they communicated with the donor and negotiated agreeable terms for the relationship. Thus, *voice* is a more effective expression of agency for two reasons. First, it prolonged positive results (i.e., obtaining funding and maintaining a relationship) that were not available to an NGO practicing *exit*. Second, an organization that practiced *voice* retained the ability to alter its decision if the donor did not tolerate the communication. Basically, an NGO that practices *voice* can still *exit* at a later time, while an NGO that practices *exit* no longer has the option of using *voice*.

The reported cases also show that when NGOs did not practice *exit*, they did not necessarily use *voice*, and none engaged in passive *loyalty*. Rather, some NGOs altered their activities in response to the changing funding environment—they purposively and deliberately decided to practice *adjustment*. However, *adjustment* can be both passive and active. Some NGOs set up projects that conceded to the donors' new interests; others used the donor interests for their benefit, especially in a complementary fashion. The founder of NGO4 makes this point well. "We might submit the same project idea to multiple donors but we tweak it a bit. We want to get the funding but also to market ourselves in this new domain" (Interview #13). Therefore, *adjustment* is more agential than one might initially assume.

Second, *voice* was not a common practice across the four NGOs. This may be because *voice* is neither an easy option nor a simple mechanism to employ. *Voice* requires bargaining power that is not accessible to all NGOs (Dowding et al. 2000; Gehlbach 2006; Hirschman 1970; Nooteboom 1999). In addition to accessible information, the exercise of voice requires a certain degree of trust between an organization and the donor. In cases where *voice* was practiced, it was due to “[working] hard to build trust with the donor. We have distinct objectives but always try to bring them together because we value this ongoing relationship” (Interview # 9). *Voice* also requires some creative thinking to bridge the diverse objectives of the funder and the NGO (Nooteboom 1999). As an NGO representative commented, “through dialogue, we can come up with creative solutions to reach compromise where we manage our high demands and the donor ensures that its priorities are relevant. It is a labor-intensive process which needs to be completed in a short period of time” (Interview #6). Thus, *voice* is costly, but the costs can turn into a benefit (Hirschman 1980).

In addition, *voice* does not occur instantly or in isolation. An NGO might explore options and use its members’ personal contacts with donor officials to test the waters for waiving certain requirements. Such communication is labeled as informal *voice* (Dyck and Starke 1999; Olson-Buchanan and Boswell 2002). In addition, an NGO might succeed in practicing *voice* with a donor when other organizations are exiting their relationship. Here, the NGO would fill a gap in the demand the donor should be receiving, and at that point, the donor may become more ready to listen and tolerant of the requests. A donor representative illustrated this issue:

Donors have to spend the allocated budget within a fiscal year otherwise the budget will be cut. This might mean that donors would loosen their grip and be more lenient to listen to NGOs' needs, if they cannot select local partners or if local NGOs are no longer interested or capable to execute projects (Interview #4).

Therefore, an *exit* decision of one NGO might support the *voice* decision of another (Dowding et al. 2000; Farrell and Rusbult 1992; Gehlbach 2006; Light et al. 2003).

Third, *exit* was viewed as a more favorable economic option, centered on self-interest and rational calculations. As Figure 4.3 reveals, *exit* was practiced by all four NGOs at some point in time. However, in the cases discussed above, *exit* is far from being neat, impersonal, and less costly (Hirschman 1970: 15). On the contrary, *exit* is a risky decision that NGOs considered based on non-economic calculations. In some cases, an *exit* decision was taken despite the lack of other alternatives. For example, NGO1 was driven by its commitment to organizational missions and values when it made the decision to exit its relationship with Donor A after the first funding cycle. The organization suffered the consequences of its decision. The management team had to freeze many of its projects or stretch its human resources thin in order to complete those in progress. However, as Gehlbach (2006) points out, we should not dismiss the notion that a donor might be encouraging *exit* and discouraging other modes of behavior to reduce pressure or demands for various reasons (budget constraints, workload, emergencies, and so forth). In such a case, *exit* is not an NGO's independent decision based on self-interest, but rather might be due to manipulation by the donor.

As noted earlier, Hirschman (1970) discussed boycott as a "phenomenon on the border line between voice and exit" (Hirschman 1970: 86). When a consumer is not satisfied

with a certain product but does not have an available alternative, s/he boycotts the service to express dissatisfaction. Boycott might explain the cases of *exit* we are witnessing in some of the NGO-donor relations. An NGO that is practicing *exit* due to dissatisfaction with shifts in funding is actually doing so for a short period of time (the duration of the funding cycle). The NGO might reconsider its relationship with the donor during the next funding cycle and reapply for funding. In such a case, the NGO was actually boycotting the donor to express its frustration; when causes of dissatisfaction were addressed, the NGO was willing to resume the relationship. Boycott might be a compelling argument that merits a more longitudinal and in-depth study.

Similarly, Lehman-Wilzig (1991) and Mizrahi and Meydani (2003) discuss the idea of 'quasi-exit,' where a consumer tries to find a substitute supply or a parallel channel for the service when s/he is unable to *exit* or express *voice*. Quasi-exit might also be worth considering in the NGO-donor relationship. None of the cases covered under this research explicitly exhibited such behavior; however, there are other cases of NGOs that were interested in sustaining funding from a donor but failed to communicate with the representative office about how to continue their cooperation. Instead, these organizations bypassed the representative office and directly approached the donor to secure funding. In some other cases, the donor allows such practices when funding is structured at two levels: the national level, which is associated with the shifting objectives, and the regional or international level, which is characterized with broader objectives and more flexibility.

Finally, there are at least two sides to any story. Hirschman's (1970) typology captures only the responses of those who are dissatisfied with a relationship. The typology does not accommodate the responses of those on the other side of the relationship (e.g., management, leadership, partner, or organization). Dyck and Starke (1999) address this gap and present a typology of dismissal, protection, tolerance, and blocking as counter responses that run parallel to *exit*, *voice*, *loyalty*, and *neglect* respectively. Dismissal reflects the attempt to sustain the status quo by forcing dissatisfied members or customers to *exit*. Protection is used to defend the status quo in response to *voice* communicated by the dissidents. Tolerance is similar to *loyalty* in the sense that both responses are passive; tolerance recognizes that the dissidents' attitude will eventually change and improve. Finally, while *neglect* means withdrawal from active participation, blocking is a response that prevents dissidents from such participation (Dyck and Starke 1999). According to the authors, these responses do not need to occur or shift simultaneously with *exit*, *voice*, *loyalty*, and *neglect*.

This dissertation does not tell the story of donor responses, but acknowledges the theoretical importance and intellectual rewards of such an endeavor. Dyck and Starke (1999) consider the possibility that management of an organization uses dismissal as a means to sustain the status quo in response to dissatisfaction among members and/or consumers by forcing them to *exit*. This particular scenario questions the basic argument underlying the choice of *exit* by a dissatisfied member/consumer: i.e., the practice of agency in satisfaction of one's own interest and benefit. In-depth analysis of the behavior of a service provider opens the doors for a counter-argument: *exit* is not a neat economic

response by which a service-receiver demonstrates full agency to resign from a dissatisfactory relation, but rather it is a reaction that is either imposed upon an organization or one that the organization is driven to. The complexity of the subject matter requires additional investigation beyond this dissertation; however, the decision tree analysis discussed in the next section exposes and tries to address some sides of this complexity.

It is important to note that by focusing only on bilateral donors, the scope of this research is limited and excludes certain reactions in other contexts that may be important. For example, several interviewees discussed examples where organizations exercised voice and were able to convince donors to alter their funding objectives to meet the interests of the NGO. These cases mostly involved international organizations and philanthropic foundations, not bilateral donors. However, future research ought to explore modes of behavior of foundations, in particular, in response to changes in their relationships with grant-recipient organizations.

DISCUSSION OF POSSIBLE OUTCOMES OF EXIT, VOICE, LOYALTY, AND ADJUSTMENT

In this section, I cover several outcomes of the modified typology. I discuss certain underlying conditions and possible consequences. First, the proposed framework is case-specific. It does not provide an explanation of the general behavior of a particular organization towards all of its donors. By and large, this framework seeks to explain an NGO's relation vis-à-vis a specific donor when that donor decides to change its funding objectives. This means that there is variation in the way that an NGO reacts to multiple

donors. While an organization might select *exit* in its relationship with one donor, it could practice *voice* or *adjustment* with another. The importance of funding obtained from a specific donor could be particularly relevant for the NGO's decision making. This issue is discussed further in the next chapter.

Second, this framework is applicable to voluntary reactions initiated by NGOs as a result of a shift in donor funding. NGOs' decisions induced by other donor actions (e.g., rejection of grant applications or suspension of aid to recipient country) should be cautiously verified before this framework is applied. In addition, donor grant-making mechanisms should be thoroughly considered to see whether a rolling-basis system has different effects on NGO behavior than a fixed deadline system.

Third, some organizations might use *exit* as a strategy towards *adjustment*. While none of the cases studied exhibits this, the experts in the field provided a few examples. "Some NGOs claim they are no longer receiving funds from a donor but surprisingly you see inactive groups associated with these organizations suddenly applying for a grant from the same donor" (Interview #3). Such organizations might be interested in keeping a good public image or buffering demands and pressure on their legitimacy. It is better for them to end an existing relationship with a donor and form a new entity such as a sister or branch organization that appeals to the donor's interests without being concerned about the public perceptions. Another expert commented, "one person can be the member of an environmental NGO and the director of a newly established organization working on democracy and so on NGOs exit from one door and use the law to access the same donor

from another door and in no time” (Interview #20).

Fourth, a reasonable approach to the subject matter is to explore the interrelationship of these responses and ask if pursuing one option (*voice* for example) diminishes the possibility of the exercise of another (*adjustment* for example). In addition, because Hirschman (1970) points out that the categories of the typology overlap at times, such as when boycotting is an expression of *voice* and a threat to *exit*, one should question whether a clear-cut distinction between modes of reactions exists. To do so, one might map NGOs reactions into a decision analysis tree. When a decision does not yield positive results, the NGO has to reconsider its options.

For example, in their interactions with other international organizations (i.e., neither Donor A nor Donor B, NGO1 and NGO2 had two different experiences practicing *voice*. NGO1 reported an attempt to practice *voice* that ended up with *exit*. When the funding was available for a certain subject, the management team carefully studied the subject to see if there was a match with organizational interests. There was not. “We were not financially saturated and needed the funding. We communicated with the donor to see if there was any possibility to still get the funding while we continued doing what we used to do. The response was negative. We then had to choose between working on this new subject and forgetting the funding. We decided not to seek the funding” (Interview #15).

In contrast, when NGO2 practiced *voice*, the donor was not receptive, so the organization chose *adjustment*. The organization was phasing out a project when the donor notified the

director that it could no longer fund such projects. NGO2 negotiated with the donor to sustain some funding. However, the donor was facing financial pressure and had to refocus its budget. The director explained “it became clear to us that if we wanted to sustain our partnership with the donor, we had to move a little bit away from our original work. It was a new experience and domain that we had not explored before” (Interview #2).

In addition, the NGO decision to *adjust* is not necessarily favorably accepted by the NGO. *Exit* then might become the only other alternative. As a member of NGO4 recalled, “we once applied to implement a creative idea targeting children and lined up an excellent team. We did not get the funding because the donor considered we did not have a track record” (Interview #17). Likewise, a donor official said,

One thing we try to do when we talk to local organizations is to help them understand what type of project is more likely to be successful. However, some projects do not fit the mission. We usually question the motive, purpose and ability behind these projects. To be honest; in one case the project idea was very attractive and we funded it (Interview #23).

As sketched in Figure 4.5, an NGO (but not a Donor-NGO) has to make one of three decisions when a specific donor channels funding into a different focus: *exit* its existing relationship and stop seeking and receiving donor funds, *voice* its concerns and balance its interests with the donor, or *adjust* its activities to accommodate the donor’s emerging interests. *Exit* is an easy decision (Dowding et al. 2000; Light et al. 2003). The NGO simply makes the decision; the donor does not need to respond. Such a decision does not give *voice* a chance; the relationship is suspended (Gehlbach 2006). Thus, *exit* is a dichotomous (i.e., yes or no), less messy reaction mode (Dowding et al. 2000; Hirschman

1970).

In contrast, *voice* is political action that can present several options, making this particular mode far messier and complicated. As the above examples indicate, *voice* depends to a large extent on the response of the donor, as well as on the perception the organization holds about the effectiveness of the decision (Hirschman 1970). A favorable response makes *voice* an effective mode; an NGO succeeds in convincing the donor to take into account its interests and work out a more balanced arrangement to secure funding. However, an unfavorable donor response makes *voice* a costly and inefficient decision. When an NGO fails to convey its concerns, it has to either *exit* the relationship or, alternatively, adjust to the new situation and reapply for donor funding. Likewise, an NGO that practices *adjustment* as a first choice might face the same situation, except that the only other alternative in response to an unfavorable donor decision is *exit*.

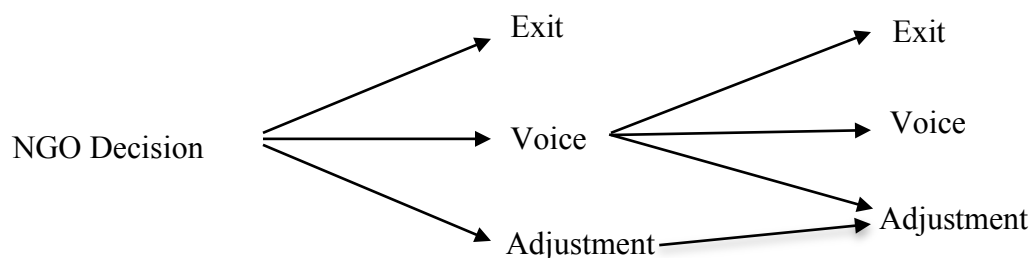


Figure 4.5: NGO Decision Analysis Tree

Given this brief analysis, Dowding and colleagues' (2000) proposal of a decision tree is worth considering. Hirschman's (1970) focus is on the behavior as the outcome. This

economic argument resonates with an interviewed donor representative who considered that when an NGO decides to apply for projects beyond its focus, then it is practicing *adjustment* regardless of whether the NGO ends up actually shifting its work. However, in reality, the final mode of action might not be the first an organization decided on. A decision is a result of a process initiated by the organization but responded to by a donor. Thus, some NGOs try several options that, in the end, shape the final action or apparent behavior. Accordingly, the decision tree helps understand the deliberative process that an NGO goes through to reach a final outcome in reaction to donor funding (Light et al. 2003).

Another approach to analyzing NGOs' behavior focuses on the nuance of the change. Experts in the sector agreed that all NGOs adjust; the point of divergence is the level of *adjustment* and the justification provided. One expert commented, "some NGOs modify 10% of their activities to get the new funding and preserve their core functions; others make a 50% change, and you can find NGOs that completely transform themselves and start working in new areas that have nothing to do with their mission" (Interview #12).

Another expert added,

We are talking about shades of the same behavior. There is a minor behavior where an NGO working on environment accommodates other interests and there is a drastic one where the NGO abandons its stated mission. One example is of an environmental project that has impact on women; this is just minor change that still suits the NGO but appeals to the donor. Another example is an NGO that changed even its name because its members notice that funding is not coming their way anymore (Interview #18).

Furthermore, some NGOs are thought to shift activities in an abrupt way while others do

it more subtly. This variance is in the eyes of the beholder. Some NGOs positively respond to shifts in donor funding after considering different options, evaluating their capacities, and preparing themselves. Such a decision does not happen frequently or abruptly. The organization should have a strategy and follow a process of evaluation. “The difference between our organization and other NGOs is that I can decide not to apply for funding. When you can prove you have a track record and been working and can work in a certain field, then you request funding as long as the projects build on and complement each other” (Interview #26).

Consequently, except in cases of the complete abandonment of a donor’s funding (*exit*), NGOs’ behaviors fall on a spectrum (Figure 4.6). At one end, *voice* reflects mild *adjustment*. At the other end, *loyalty* indicates a situation of robust changes in the mission and activities of an organization according to emerging donor preferences. Such an analysis brings *loyalty* and *voice* together (O’Leary 2006), and underscores scholarly debates about whether *loyalty* is a distinct reaction mode.

In the three cases of *voice*, *loyalty*, and *adjustment*, there is an interest in sustaining the relationship with the donor. First, few organizations exhibit unconscious loyalist behavior, which makes *voice* and *adjustment* more common responses (Drigota et al. 1995: 596). Second, an NGO that practices *voice* values the relationship with the donor. Third, an NGO that practices *adjustment* perceives an inimitable benefit from the relationship. This attachment (or *loyalty*) then deters *exit* and allows an organization to consider a different alternative (Hirschman 1970; Leck and Saunders 1992). On one side,

the alternative can be *voice* to prevent the worst from happening (Hirschman 1970); that is, suspending a valued relationship that is often described as a partnership. On the other side, the alternative can be an opportunistic behavior to secure benefits the relationship could generate (O’Leary 2006). Here again comes *adjustment*.

Therefore, practicing *voice* or *adjustment* requires a certain level or form of *loyalty* (Hirschman 1970). Associated costs or repercussions may also encourage the practice of any of the modes (Gehlbach 2006). On one end of the spectrum (below), both the level of *loyalty* to the donor and the cost of practicing *voice* or *exit* are high. Here lies the unconscious loyalist behavior that is “free from felt discontent [and] will not lead to voice” (Hirschman 1970: 91). The level of *loyalty* starts to change towards the middle of the spectrum with more potential to explore other options through *adjustment* without encountering severe repercussions. On the other end, practicing *voice* is common, since the level of *loyalty* is acceptable and any associated costs and repercussions are manageable.

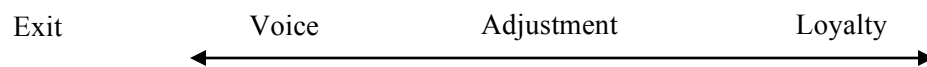


Figure 4.6: NGOs’ Spectrum of Responses

CONCLUSION

The NGO-donor relationship is clearly complicated. To better understand the dynamics of the relationship, this chapter focused on the change in the quality or associated benefit of donor funding, which compels a certain response or reaction from an NGO. To better explain the variation in NGO reactions to shifts in donor funding, I added the category of *adjustment* to Hirschman's (1970) typology of *exit*, *voice*, and *loyalty*. This is the main contribution of this chapter.

Despite the potential limitations discussed above, observations from the fieldwork and interviews used in this study fit well with this new conceptual framework, suggesting that the *exit*, *voice*, *loyalty*, and *adjustment* typology has merit. Whether some perceive the added category of *adjustment* as an extension of *loyalty* is a subject for continuous debate, but it should not be totally discredited. Even in such a case, this research makes a sufficient contribution by exposing, further developing, and applying the categories in the typology (Withey and Cooper 1989).

In this chapter, I also shed light on some of the overarching challenges that NGOs around the world face. The sector is definitely not flawless and suffers from a variety of problems. One of these problems is high dependability on donors, who can be manipulative. This research study portrays to donors the consequences of their policy decisions through the variations in responses from local NGOs; such a variation should be appreciated and factored into future policy-making. Edwards and Sen (2002) confirm

that a transformation needs to start from within NGOs and spread into the systems and circles of power (donors) as a key to a sustainable future.

A final point about generalizability of the results needs to be made. This research focuses on one industry within the NGO sector (environment). Nevertheless, the supplementary cases covered through the interviews present enough evidence to confirm that NGOs operating in other industries demonstrate the same responses towards donors, regardless of the nature and type of work that they perform. Moreover, all of the NGOs are in Lebanon. Variations in recipient countries' conditions, whether historical, political, social, economic, cultural or otherwise, as well as in donor countries' ideologies and interests, inhibit deriving conclusions in support of any specific dominant argument. However, other studies provide additional cases that exhibit similar trends among NGOs in other developing countries or regions, including the West Bank and Gaza (Brouwer 2000), Kazakhstan (Hanafi and Tabar 2003), Bangladesh (Loung and Weinthal 1999), and Latin America (Rahman 2006), which increases the likelihood of generalizability. Of course, more research is needed. However, generalization is a challenge in exploratory research, and I believe that I have laid the groundwork for future studies.

CHAPTER FIVE: EXPLAINING NGO BEHAVIOR INTEGRATING RESOURCE DEPENDENCE THEORY AND THEORY OF WEAK TIES

INTRODUCTION

In Chapter Four, I proposed building on Hirschman's (1970) typology of *exit*, *voice*, and *loyalty* as a conceptual framework to capture variation in NGO responses to changes in their resource environment, specifically shifts in donor funding. Based on the findings from multiple units of analysis derived from cases of four environmental NGOs in Lebanon, I proposed a modified typology, whereby I introduced *adjustment* as a fourth mode of reaction. Thus, the modified typology includes:

- *Exit* when an NGO no longer seeks funding from a particular donor due to divergence of interests and suspends the relationship;
- *Voice* when an NGO expresses its feedback to and negotiates with the donor to balance the interests of the two parties and maintain the relationship;
- *Loyalty* when an NGO automatically and unconsciously complies with changes due to dilution of its interests and attachment to the donor;
- *Adjustment* when an NGO practices agency and voluntarily and deliberately alters its activities to accommodate donor interests and retain funding.

This chapter introduces the second research question: Why do NGOs react differently to shifts in donor funding? Several existing conditions shape such reactions. The second phase of the dissertation uses resource dependence theory, or RDT (Pfeffer and Salancik 1978), and the theory of weak ties (Granovetter 1973, 1983) to construct an integrated

theory that predicts NGO response to changes in funding priorities based on its reliance on external funding and the ties it has within a donor network. First, the chapter begins with an examination of the factors that Hirschman (1970) argued are the determinants of modes of behavior under his typology. Second, it reviews the two theories with the goal of providing a theoretical justification for the choice of reaction. Third, it presents an alternative perspective that integrates the two theories for greater parsimony. Finally, the chapter concludes with propositions derived from the integrated theory. These propositions are translated into hypotheses and tested in Chapter Seven.

EXPLAINING BEHAVIOR ACCORDING TO HIRSCHMAN

According to Hirschman (1970), the key determinant of the choice between *exit* and *voice* is the elasticity of demand for a particular product or service. If the demand is inelastic, then *exit* is a less likely choice (Dowding et al. 2000; Hirschman 1970). In economic terms, demand does not change as the price of a certain product falls or rises. In cases of quality deterioration, expressing dissatisfaction through *exit* does not generate any positive outcome. The product provider is unlikely to notice the reaction because the total profit is maintained and even might increase with a rise in price. In such a case, *voice* is a more favorable option.

In application to the NGO-donor relationship, the demand for funding, as a product or service, is supposedly elastic due to the fluctuation in NGO reliance on external resources and the growth in operations. Thus, the assumption is that *exit* could be a common option because demand is changing. However, previous chapters showed that the four NGOs

chose different modes of reaction at different time intervals, and this does not necessarily satisfy the demand elasticity argument.

During the interviews, NGO representatives referenced some of the factors in the choice between *exit* and *voice* on (Gehlbach 2006; Hirschman 1970; Matland 1995; Nooteboom 1999). One factor is availability and access to information. NGO2, for example, was more likely to practice *voice* because it enjoys a long relationship with donors, has access to information about donor interests and plans, and has made investments in their organizational capacities to comply with donor requirements. As the director of NGO2 explained,

We have a long relationship with some of our donors. The longer the relationship, the more you know about the donor. You are then able to understand what is going on and what is coming next. We have systems in place that allow us to respond to donor requirements of reporting, accounting, monitoring and evaluation. We invested in these systems because we wanted to relax our relationship with the donors. I can confirm that our investment is paying us back (Interview #2).

Therefore, dissatisfaction with a donor decision is not critical enough to warrant exiting a relationship in which the NGO invested time, efforts, and resources. Using a bargaining power and relying on available information, the organization can practice *voice* and not necessarily concede to donor interest. Nevertheless, that same organization has practiced *exit* and *adjustment* with the same donor during different funding cycles.

Furthermore, although the NGO-donor relationship is comparable to a consumer-producer relationship, it is not ultimately the same. The differences are large enough to expect variations in reactions. This is clear when talking about availability of standards or

the penalty for certain behaviors. There are no specific standards for funding, besides funding criteria that are imposed by donors. A donor does not impose any penalty for a behavior. An organization that decides not to apply for funding and exits the relationship is not penalized, nor is an organization that practices *voice* rewarded beyond an approved grant. For example, interviewed members of NGO1 recalled a donor encouragement to apply for funding, despite the organization having declined funding from that donor during a previous funding cycle. This also means that the price of reentering a relationship with the donor is affordable, contingent on a solid grant proposal. Therefore, based on the discussion in the previous chapter, these factors help explain some reactions some of the times, but not all reactions all times. They also delineate the choice between *exit* and *voice*, but do not sufficiently explain *adjustment* (and *loyalty*).

One criticism of Hirschman's (1970) typology is that it is top down, with an emphasis on actors as rational, return-maximizing, cost-minimizing entities driven by economic factors. There are ongoing attempts to address this criticism. For example, Hodson's work (1991a, 1991b) builds on ethnographic studies to dramatize the 'active worker' and build the social context around the worker who engages in various forms of *voice*. Hodson (1991a, 1991b) talks about good soldiers who commit to the organization and adopt its goals, smooth operators who prioritize their goals, and saboteurs who neither achieve their own goals nor advance those of the organization. This classification of modes of adaptation goes beyond what Farrell and Rusbult (1981) suggested in their modified typology of *exit*, *voice*, *loyalty*, and *neglect* to advocate for the integration of the characteristics of the job and work environment. Therefore, employees' behavior is not

always contingent on the amount of investment in the job or the presence of other alternatives, which are economic factors by nature. O'Leary's (2006) guerilla government follows the same line of thought. Brower and Abolafia (1995) worked in a similar way to show a variety of forms of *voice* without attempting to extend Hirschman's typology. The authors studied resistance in organizations where employees rarely render absolute compliance. Employees reported a variety of strategies that include *exit*, but reflected different shades of *voice* such as foot dragging, withholding of commitment, enactment of alternative channels, facilitation of external constituencies, and sabotage (Brower and Abolafia 1995: 154). The authors argue that social embeddedness constitutes the right structure for resistance; in other words, employee actions of resistance are determined by how and where they are embedded in the network. Therefore, these strategies are dependent on the network relations that managers are able to construct. The discussion on embeddedness will be further expanded later in this chapter and is used as one of the theoretical pillars of the dissertation.

In sum, Hirschman's typology views organizations more as sites for sociological and political life than as sites of economic life. Any serious endeavor to explore how *exit*, *voice*, and *loyalty* show up in actual everyday behavior among nonprofits needs to confront the ways that labeling organizations as 'nonprofit' is heavily laden with economic bias. That is the assumption that these organization are best understood for what is distinctive about their internal economic characteristics rather than their internal social or political dynamics or the external impact of the society around them. Accordingly, this dissertation asks whether acts of *exit*, *voice*, *loyalty*, or *adjustment* are

primarily economic behaviors, as opposed to political or social behaviors. Resource dependence theory (Pfeffer and Salancik 1978) provides insights into the economic behavior, and the theory of weak ties (Granovetter 1973, 1983) balances the sociopolitical behaviors. From this, the dissertation will depart to analyze the behavior of NGOs in response to a changing—and to some a deteriorating—relationship with donors as donor agencies switch their funding objectives.

RESOURCE DEPENDENCE THEORY

Organizational theories (Thompson 1967; Scott 1987; Donaldson 1999; Baum and Rowley 2002) consider organizations to be open systems. In Scott's (1987) words, an organization is a "coalition of shifting interest groups that develop goals by negotiation [...] influenced by environmental factors" (Scott 1987: 23; see also Thompson 1967; Baum and Rowley 2002). Organizational behaviors and decisions are rooted in the surrounding environment. Driven by a rationality bounded by constraints and contingencies, an organization aims to reduce uncertainty in the environment and to protect its core technology. Pfeffer and Salancik's (1978) work on resource dependence is strongly rooted in the open system framework. The authors assert, "to understand the behavior of an organization, you must understand the context of the behavior" (Pfeffer and Salancik 1978: 1). Unveiling organizational processes and practices requires focusing on interactions with the environment (Thompson 1967).

RDT maintains that organizations are resource-insufficient. They strive to acquire and maintain resources from their external environment. Resources are controlled by external

actors who exert demands on the organization. These actors perceive certain advantages in their relationship with the organization and exercise power through control over resources. The heavier the dependence of the organization on external resources, the more influential the demands of particular actors controlling these resources.

The organization encounters incompatible and competing demands and becomes a 'market for influence and control' (Pfeffer and Salancik 1978). Pfeffer and Salancik (1978) suggest a list of ten conditions in this market.

1. The organization should be aware of the external demands.
2. The organization is receiving resources from the actors making these demands.
3. The organization needs the resources for its operations.
4. The organization cannot find substitutes for these resources.
5. The organization does not control resources critical to external actors.
6. The organization's actions are visible and assessable.
7. The organization can balance and satisfy multiple demands at the same time.
8. The organization cannot determine external actors' demands.
9. The organization has the capacity to meet demands.
10. The organization wishes to survive (44).

For the organization, the challenge is to proactively and effectively manage external demands within existing patterns of constraints and contingencies (Guo and Acar 2005; Pfeffer 1982). The challenge becomes paramount as "the turbulence, instability, and stringency of the resource environment within which it resides increase" (Oliver 1991:

259). Organizations, then, become coalitions buffering demands by “altering purposes and domains to accommodate new interests, sloughing off parts of themselves to avoid some interests, and when necessary, becoming involved in activities far afield from their stated central purposes” (Pfeffer and Salancik 1978: 24).

An organization can employ a variety of measures to manipulate and reduce uncertainty in its external environment or to try to influence demands and flow of critical resources (Oliver 1991: 148). However, three dimensions determine the degree of dependence on external resources and confine these measures (Cho and Gillespie 2006: 495); these dimensions are depicted in Figure 5.1 below and include:

- The importance or *criticality* of resources assessed through the relative magnitude of the exchange in the relationship (proportion of total output or input) and the criticality of the input or output to the organization;
- The *concentration* of resources, or the availability of other sources for the same resources or of alternative resources since the availability of alternative sources increases an organization’s power and autonomy by decreasing its dependence upon other organizations;
- External actors’ *discretion* over resource allocation and use (possession of, access to, actual use of, and abilities to regulate the employment of resources) (Cho and Gillespie 2006; Cook 1977; Pfeffer and Salancik 1978).

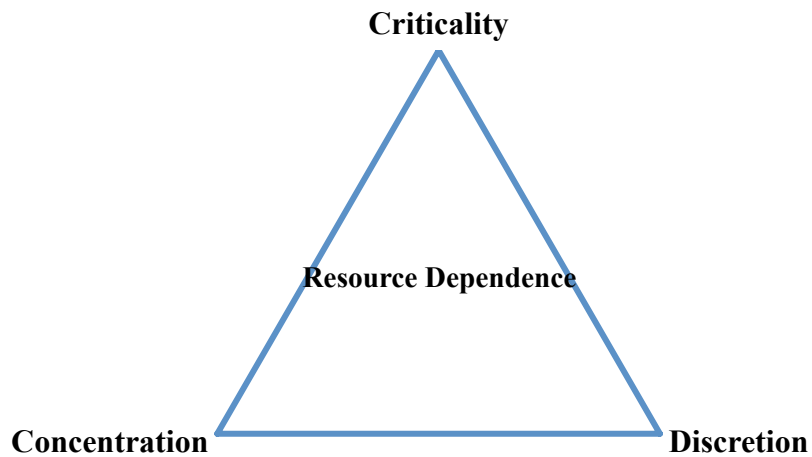


Figure 4: Dimensions of Resource Dependence

Several strategies could be used to buffer environmental pressures and reduce uncertainty. This can be done through managing demands of external actors or bridging between the organization and these actors (Scott 1987). Before these strategies can be employed, the organization must scan and learn about its environment, and select and process information to give meaning to the environment (Pfeffer and Salancik 1978).

To start, an organization can manipulate its environment. Three challenges need to be addressed (Cho and Gillespie 2006; Pfeffer and Salancik 1978; Pfeffer 1982). First, the resource criticality challenge could be addressed in a threefold strategy: 1) increase output production with available input, 2) identify and increase alternative input suitable for the existing output, and 3) alter the output if possible. The purpose of this strategy

should be to protect the core of the organization (Thompson 1967). Efficiency plays a vital role here. External actors still control resources needed in the 'production' process. However, efficiency centers on doing a better job in producing outputs. The focus then is not on the output itself or its quality but on improving the organization's internal input to output ratio (Oliver 1990; Pfeffer and Salancik 1978).

Second, diversification is the most obvious and commonly granted recommendation for managing the resource concentration challenge (Dunn 2008; Froelich 1999). According to Oliver (1990), "theory and research indicate that diversified links to sources of funding [...] augment an agency's power, influence, and decision-making autonomy" (258). That means an organization needs to diversify the sources of external resources. The more diverse these sources are, the less dependent an organization is on any one external actor.

Third, the resource discretion challenge could be managed through social sanctions (Pfeffer and Salancik 1978). Organizations depend on their environment for both support and acceptance. Introducing regulations and encouraging professionalism would deter excessive demands through promoting the legitimacy of the organization. Legitimacy is exogenous to the organization, conferred by external actors based on social norms and values (Oliver 1990). Another solution is change in structure and size through loose coupling, cooptation of units with interest groups, and slacking of resources (Astley and Zajac 1991; Beekun and Glick 2001; Greenley and Oktemgil 1998; Hannan and Freeman 1984; Seifert, Morris and Bartkus 2004; Simon 1964). The body of nonprofit research provides evidence for these solutions. Guo (2007) and McCarthy (2004), for example,

theorize that changes in nonprofit governance structures are means or results of managing resource dependence. Similarly, several studies address how faith-based organizations altered the mode of actions to become more secular due to reliance on government funding (Chambre 2001; Ebaugh, Chafetz, and Pipes 2005; Vanderwoerd 2004).

Organizations could also manipulate the illusion of satisfaction. Such illusion is created when the organization exaggerates the importance of its performance or adds more value to the substance of its work (Pfeffer and Salancik 1978: 97-8). The success of such an approach probably depends on the service or output an organization delivers. The organization can rely on the equivocality and ambiguity of its work to frame its achievements or present its services in order to control additional demands from external actors (Pfeffer and Salancik 1978: 99-100). An example here would be a company entering a new market with a new service. The provision of a service by itself would be satisfactory to consumers; the level of sale could be exaggerated into service necessity. Another basic example is the claim of success in bringing development to a local community; development by itself is an ambiguous and contested term that an organization can manipulate.

Organizations should also balance conflicting demands (Pfeffer and Salancik 1978). First, an organization can give sequential attention to external actors through prioritizing its responses to demands based on the importance of resources controlled by these actors at a point in time. This gradual process constitutes an opportunity for the organization to enhance its capacities, acquire other resources, and probably buy time. Second, an

organization can manipulate disclosure. Visibility of actions exposes the organization and allows external actors to assess its work and, consequently, better utilize the resources they are providing. An organization could manipulate the degree of visibility; in other words, an organization can have different levels of visibility vis-à-vis different actors, be selective in disclosing what information and to whom, and try to censor information transmitted in different directions. The other side of the coin is to reduce input from external actors (Pfeffer and Salancik 1978). This means that while resources are still flowing, information on demands is communicated at a reduced pace or through disoriented channels. These scenarios could enable the organization to balance conflicting demands as long as it does not risk its transparency and jeopardize its relationship with stakeholders.

Third, an organization can play one group against another (Oliver 1991). A market of influence and control where multiple actors generate different demands on an organization infers both the possibility that these demands are conflicting and contradictory and that external actors might be engaged in similar interdependence vis-à-vis others (Pfeffer and Salancik 1978). If the demands on the organization are explicitly clear and if the organization acquires information on challenges encountered by its external actors, it can manipulate the situation to its advantage. An organization can then ward off pressure on an issue by relying on the other actors who are resilient on this issue. For example, it can possibly pit a minor demand it can comply with against other demands and interests in order to avoid compliance.

The acquisition and sustainability of financial resources continue to be paramount challenges for nonprofit organizations. Contrary to for-profit organizations that solely rely on generating profits from services and sales, nonprofit organizations seek financial resources from diverse sources. However, this pool does not contain the steady water; financial resources to nonprofits continuously fluctuate threatening the performance of the organizations. As Reed (1999) states, “resource allocation is a primary determinant of organizational behavior and design” (39).

Extant research on nonprofits relies on RDT to explain funding, planning, and performance (Barman 2008; Delfin and Tang 2008; Dunn 2008; Mosley 2011; Thomson 2010; Stone and Brush 1996; Verbruggen, Christiaens, and Milis 2011; Webster and Wylie 1988), governance (Hudock 1995; Stone 1996; Miller-Millesen 2003; Stone, Hager and Griffin 2001; Tschirhart, Reed, Freeman, and Anker 2009), policy engagement (Schmid, Bar and Nirel 2008); self-regulation (Bies 2010), and collaboration (Borman 2010; Guo and Acar 2005; Sowa 2009; Yanacopulos 2005), among others.

NGOs and Resources

Saidel (2000) defines the resources that nonprofits need as “anything of value, tangible or intangible, that can be exchanged between organizations” (Saidel 2000: 381). As an illustration, Saidel (2000) identifies the exchange of resources in the relationship between government and NGOs in terms of those provided by government, such as revenues, information, and access to policy processes, and those controlled by NGOs, such as service-delivery capacity, political support, and legitimacy (Saidel 2000: 381; Cho and

Gillespie 2006). Ebrahim (2005b) distinguishes among resources exchanged in the donor-recipient relationship, and suggests that this ‘capital exchange’ can be of two forms: economic material resources such as money, property, and infrastructure, and symbolic non-material resources including authority, technical advice and expertise, reputation, information, and connections (Ebrahim 2005a: 52, 71-3).

Exchange of resources between organizations is characterized by interdependence (Victor and Blackburn 1987)—one organization’s output is another organization’s input. An organization cannot produce its output unless and/or until another organization generates its own. Thus, interdependence transpires by behavior. In such a situation, the activities of one organization depend on those of another. That is “why nothing comes out the way one wants it to” (Pfeffer and Salancik 1978: 40). Interdependence moderates the steepness of dependence that characterizes an NGO’s relationship with a single funder (Ebrahim 2005b; Saidel 2000). Accordingly, organizations try to manage their resource dependence through the creation of interdependencies “which involve the exchange of resources rather than a flow that is predominantly in one direction” (Ebrahim 2005b: 60). Nevertheless, although the motive is to reduce uncertainty, interdependence might create additional uncertainty and unpredictability, restructure relations but sustain power imbalances, and increase control between organizations. Borman (2010) ratifies this argument in a case study of a shared-services partnership in local government in Australia. Such a partnership was an effective vehicle for these authorities to manage one type of dependency but ended up creating new dependencies.

An NGO balances its internal revenues with external funding, diversifies external sources, and avoids concentrating the flow of funding from a specific source. To illustrate, an NGO with diversified external sources of funding is in a better position to respond to and balance external demands, especially when the demands are different. If one source alters conditions for funding, an NGO can fend off the pressure to comply by relying on other sources that are more resilient, including its internal revenues. An NGO can also sequentially attend to the demands of various funders, which allows the organization to positively respond to what suits its interests and defer other demands until further developments occur. An NGO can explicitly play one donor off against another or benefit from available information to strengthen its position and influence or moderate donor demands. On the other hand, as NGO dependence on resources increases, the ability of donors to constrain the organization's behavior increases, while the ability of the organization to buffer external demands decreases. In such a case, an NGO does not enjoy many options to respond to changes in funding conditions. The NGO complies with donor interests, whether immediately when the donor monopolizes the resource environment of the NGO or eventually when the NGO realizes its limited ability to find an alternative route. In such a case, *adjustment* becomes a leeway from excessive control and a strategy to buffer and moderately appeal to donors' demands and ensure the continuity of funding.

In brief, RDT indicates that the organization can comply, adapt, manage, or attempt to manipulate and alter its resource environment. It needs to assess the anticipated repercussions of non-compliance with external demands, the cost of abandoning the

available resources and securing others, and the degree of conflict between the various demands of actors on whom the organization is dependent (Oliver 1990). Given this discussion, a proposition about the relationship between resource dependence and an NGO's response to shifts in its funding environment is offered:

RDT Proposition: An organization characterized with high resource dependence is more likely to practice loyalty or adjustment. An organization characterized with low resource dependence is more likely to practice exit or voice.

THEORY OF WEAK TIES

While RDT remains “silent on power structures and struggles in and through which organizations respond to putatively objective and neutral economic pressures” (Reed 1999: 40), the organization's environment is not deemed as “a set of intractable constraints; it can be changed and manipulated to fit the objectives of the organization” (Astley and Van de Ven 1983: 249). Power structures are significantly determined by network ties that an organization is able to build. Some of these ties are with actors controlling resources, while other ties extend to different stakeholders. These ties then help the organization manipulate environmental constraints. This is where social network analysis comes to the picture.

Social network analysis is gaining a stronghold in interdisciplinary and organizational studies (Knoke and Yang 2008; Milward and Provan 1998, 2000, 2003; Nohria and Eccles 1992; O'Toole 1997; Powell 1990; Provan and Milward 2001; Provan and Sebastian 1998; Wasserman and Galaskiewicz 1994; Wellman and Berkowitz 1988), as well as in nonprofit research (Ashman, Brown and Zwick 1998; DeFilippis 2001; Foley,

McCarthy, and Chaves 2001; Schneider 2007, 2009; Paarlberg and Varda 2009; Varda 2010). The primary focus of social network analysis is the interdependence of actors in an open system characterized by uncertainty. In contrast to resource dependence theory, which focuses primarily on economic factors, social network analysis focuses on how patterns of relations and positions in networks influence opportunities, constraints, and behaviors (Wellman 1988; Wasserman and Galaskiewicz 1994; Rowley 1997; Dunn 2004).

In an influential piece, *Economic Action and Social Structure: The Problem of Embeddedness*, Granovetter (1985) endeavors to find a middle ground between economic under-socialization and sociological over-socialization. Organizational Economics (Coase 1937; Williamson 1991, 2005; Barney and Hesterly 1999) explores relationships among organizations by focusing on transactions. Institutional arrangements (such as markets and hierarchies) take place to reduce uncertainty and control problems created by bounded rationality and opportunism. All behaviors—including trust and malfeasance—are controlled by these arrangements. The sociological perspective considers institutional arrangements to be an interaction effect of formal arrangements and informal norms that shape power structures and influence decision-making (North 1990, 1991). Informal norms are generated through interactions in a network structure where actors interact and influence each other in complicated ways.

Granovetter (1985) strongly favors and argues for an economic rationality ‘embedded’ within social relationships. Social norms and structures should not be exclusively

dominant, substituting economic rationality with over-determinism. People would miss the mark by going to one or the other extreme: traditional economic view or social norms and morality. People behave and decide as actors within a certain social or institutional context. Actors “engage not merely in the pursuit of self-interest but also in opportunism—self-interest seeking with guile” (487). Past actions guide actors’ decisions and interactions with those they trust and work “in a timely and conscientious fashion” (Carolan and Natriello 2005: 2; Haythornthwaite 2002).

Therefore, the essence of Granovetter’s (1985) argument for embeddedness lies in its equal recognition of both economic rationality and social norms and how the amalgamation of the two form behavior, decisions, and actions. Briefly stated, actors—individuals or organizations—are embedded in certain structures and systems that influence their behavior (Granovetter 1985). The structures are composed of “a wide variety of networks that both constrain their actions and provide them with opportunities to achieve their goals” (Guo and Acar 2005: 348). The focus then shifts to these relations. Emerson and Cook (1974) considered relations joining actors in an exchange category to be a set of alternatives for the actors which reflect on the power and dependence within the network, “since these relations represent alternative paths for access to needed resources” (Cook 1977: 70).

Relations and ties between actors are constructed into networks. Granovetter (1973, 1983) argues that the strength of relationships ranges from very weak ties to very strong ties. Tie strength is a function of a “combination of the amount of time, the emotional

intensity, the intimacy (mutual confiding), and the reciprocal services which characterize the tie” (Granovetter 1973: 1361). Lazzarini and Zenger (2002) provide a clarified definition of tie strength that is suitable for organizations. Tie strength is defined as “the degree of commitment that supports an exchange relationship for the transfer of goods, services, or information” (Lazzarini and Zenger 2002: 4). Such a definition relies on relational power (Blau 1964; Cook and Emerson 1978).

Granovetter (1983) further explains, “our acquaintances (weak ties) are less likely to be socially involved with one another than our close friends (strong ties). Thus, the set of people made up of any individual and his or her acquaintances comprises a low-density network (one in which many of the possible relational lines are absent) whereas the set consisting of the same individual and his or her close friends will be densely knit (many of the possible lines are present)” (201-2).

Networks are of two types, as depicted in Figure 5.2. First, a dense network of strong ties creates a closed world with fewer entities and redundant relations (Granovetter 1973, 1983). Such a network is characterized by similar or shared identity, reciprocity, and equality in interaction, adequate information and resource sharing, possible cooperation, and endurance over time. The characteristics of such a network are plainly visible if it already includes a donor as a source of funding (Ashman et al. 1998). Second, a low-density or open network is diffuse, with more entities and many weak ties. Accordingly, low-density networks are more heterogeneous and produce more information benefits and autonomy for members, but interactions are less frequent.

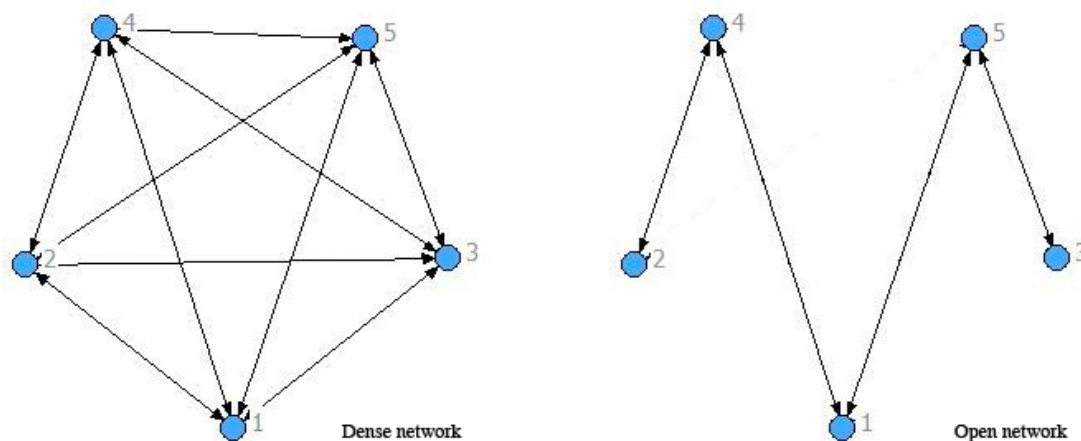


Figure 5: Dense and Open Networks

As such, weak ties add randomness to interactions while strong ties ensure order in these interactions (Watts 2003). These patterns of interaction promise long-term payoffs based on a well-established and committed history of past exchange. Clusters or cliques of actors start to form as results of these patterns (Scott 2000). Blau (1974) states that strong ties “tend to be confined to small and closed social circles... they fragment society into small groups” (623). In a big network, therefore, there are multiple networks or subnetworks, each with a different focal point. Interaction within subnetworks is more frequent, which “will close them off from one another, so that they would develop into cliques” (Granovetter 1983: 221-2). Interaction across the group depends on the weak ties or the bridges between groups.

Paarlberg and Varda (2009) succinctly state that the quality—and not quantity—of relations is advantageous to the organization. The focus is not on the number of ties to

other actors, but whether these ties enable the organization to bridge clusters or cliques. “Connecting across these kinds of clusters increases access to resources, promotes diversity, and promotes access to hard-to-reach populations” (Paarlberg and Varda 2009: 604). Actors will be confined with repeated interaction and content with strong relations with other actors that they relax the search of other resources (Lazzarini and Zenger 2002). The driving motive is certainty and stability in the environment, which strong ties more likely provide.

In either of the two types of the network, “those receiving many choices [or enjoying many ties] are characterized as central, those with few as marginal” (Granovetter 1973: 1366). The number of links developed determines the level of centrality (Provan et al. 2005: 607), and the level of centrality symbolizes power. The ‘center’ exercises control over resources and information flowing inside the network (Boje and Whetten 1981). However, the other side is that an actor who is least central in a network has more weak ties that allow them to access information and resources outside the network and, consequently, control the flow into the network.

Furthermore, when the actors are connected to the same others, they are considered structurally equivalent. In such a case, they are expected to share similar conditions, constraints, and outcomes due to frequency of interaction and duration of time spent for resources to flow and reach any of them (Burt 1976). In other words, actors connected to the ‘same’ others function under the same conditions, receive similar flow of inputs and

resources, and encounter similar opportunities and challenges (Burt 2004; Carolan and Natriello 2005; Paarlberg and Varda 2009; Varda 2010).

Comparing Strong and Weak Ties

Provan and colleagues (2005) label a network of strong ties as ‘mature’. Relationships are developed and repeatedly confirmed; interactions frequently occur; exchange is extended and reciprocal (Paarlberg and Varda 2009). This ensures sustainability and impact on the organization. Strong ties satisfy the requirement for embeddedness (Granovetter 1985). Being embedded in a network and connected through strong ties discourages opportunism and generates positive long-term payoffs compared to possible costs of engagement or any benefits of disengagement. Strong ties often develop among homogeneous actors sharing similar attributes, such as mission, targeted groups, proximity, and resource streams such that “they find it natural to work together” (Paarlberg and Varda 2009: 605; Gulati 1995).

In this capacity, strong ties encourage investment in a relationship. Actors are inclined to put efforts and resources into a strong and ongoing interaction knowing that the likelihood of suspending these relations is diminishing. This is especially true in light of the comparative advantages of the actors involved (Dyer and Singh 1998; Brinkerhoff, Smith, and Teegen 2007). Strong ties reinforce trust, which in turn promotes existing relations and proliferates the benefits of these ties. Trust is a complicated concept (Sheppard and Sherman 1998); it requires a long process and long-standing relationships to blossom (Provan et al. 2005). It is reasonable to expect that strong ties build trust,

reduce conflict and disagreements, and yield cohesion (and higher density) towards compromise and negotiations (Carolan and Natriello 2005; Krackhardt 1992; Nelson 1989). As Stiles (2002) notes, the results will be shared language and common norms and values that might be even distinct from the surrounding environment. Therefore, strong ties are extremely uneasy to disrupt.

Adler and Kwon (2002) note that the continuous interaction with the same partners, which strong ties yield, restricts exposure to new ideas, information, and resources. With transitivity being dominant, actors are locked together but locked out of external opportunities, diminishing their capability to absorb what is going on beyond their immediate relation (Cohen and Levinthal 1990). Routines start to emerge from repeated interaction and capture actors into redundancy (Krackhardt 1992). Therefore, “weak ties circumvent the dysfunctional outcomes unleashed by the escalating commitment of strong ties” (Lazzarini and Zenger 2002: 6).

Why Weak Ties?

Weak ties characterize “heterodox actors at the periphery of [...] social networks who are able to move between groups and thereby become bearers of new ideas and information” (Fukuyama 2001: 9). The central advantage of weak ties is they create avenues for accessing additional resources. To tap into new ideas, knowledge, and resources, or to open gateways [...], “organizations rich in ties to organizations outside the network—or

even outside the community—are essential” (Provan et al. 2005: 608). Weak ties allow access to novel information, unique resources, and new populations that are not already consumed and absorbed within an actor’s network (Varda 2010).

Weak ties provide autonomy and flexibility. Actors can maneuver their relations to engage with other actors who belong to different circles and possess unique and distinctive capabilities (Granovetter 1973, 1982). Such engagement promises valuable exchange opportunities; “since agents connected through weak ties are not committed, they can adjust or sever their existing ties to benefit from new external opportunities” (Lazarini and Zenger 2002: 6).

Weak ties also enhance efficiency (Krackhardt 1994; Provan et al. 2005). Networks are not fully connected as Provan and colleagues (2005) note: “organizations can maintain only a small number of close, strong ties” (608). This reality generates a network of a mixture of strong and weak ties with several holes (Granovetter 1973; Burt 1992, 2004). These holes allow infiltration of resources and information into the network through the bridges developed between clusters or cliques (Provan and Sebastian 1998); otherwise, the network risks running into redundancy. Finally, given the possibility of developing into strong ties over time, weak ties require less maintenance and cost. These relations are neither frequent nor regular, which relieves much pressure and cost for actors or organizations (Coleman 1988; Paarlberg and Varda 2009).

Weak ties also come with costs. The main challenge for weak ties—and consequently their benefits—is reflected in their number. Krackhardt (1994) notes that the increase in the number of network ties will have a negative impact on the ability to manage ties and actively engage in the network. Weak ties are also at risk to decay quickly because they are difficult to maintain when actors invest more in strong ties (Burt 2000, 2002).

Ashman and colleagues (1998) and Lawrence and Hardy (1999) find similar challenges in their studies on legitimacy. Organizations face a difficulty maintaining balance between strong ties needed for their legitimacy and weak ties that provide access to unconsumed resources.

It is an oversimplification to conclude that strong ties are preferred over weak ties; the conditions that actors find themselves in determine the value or preference of the strength of the ties. “Communities may benefit [...] by possessing a stock of both strong and weak ties between organizations, simultaneously increasing resilience (strong ties) while increasing diversity (weak ties)” (Paarlberg and Varda 2009: 605). An actor should reap the benefits of strong ties when the interest is in long-term enduring cooperation. Weak ties allow access to new information and solutions, and yet are easily set up and easily amputated (Lazzarini and Zenger 2002).

NGOs and Network Ties

The takeaway from this discussion is that “instead of analyzing individual behaviors, attitudes and beliefs, [the focus is] on how these interactions constitute a framework or structure that can be studied and analyzed in its own right” (Galaskiewicz and

Wasserman 1994: xii). Behavior is determined by both embeddedness within a network and an actor's ability to tap its strong or weak relationships within a network. "The number of links between network members can indicate how easy or difficult it might be to exchange resource and coordinate information sharing" (Paarlberg and Varda 2009: 604).

Organizations exist in an open system of uncertainty and are embedded in certain structures that influence their behavior (Varda 2010). These structures are loosely coupled, allowing clustering of some organizations but maintaining certain connectivity between the clusters to sustain the overall structure (Burt 1992; Carolan and Natriello 2006). Organizations develop ties within these structures that either bestow a power of centrality and influence or allow the organization to bridge out and connect with others (Saz-Carranza and Ospina 2010). These ties are either strong or weak; they determine organizational behavior and influence the trust organizations build based on repeated interactions and prior experiences.

Therefore, NGO behaviors and decisions do not depend only on organizational needs and preferences. The behaviors and decisions are influenced by the parameters of the network within which the organization's relations are embedded (Galaskiewicz and Wasserman 1994; Paarlberg and Varda 2009). The behavior of one environmental NGO could be analyzed based on its position in the broader network of all environmental NGOs and on its ties with a donor within the network.

Ashman and colleagues (1998) note that the relative strength of ties an organization has among its members predicts the governance structure it should have, as well as the additional resources it will need. Strong tie networks are more likely to need external resources like financing and information. Weak-tie networks, in contrast, were formed around relationships that convey finances and information between nonaffiliated groups (Ashman et al. 1998: 161-2). Özman and Findik's (2008) research on Turkish women's organizations reveals the motive to engage in dense informal networks with groups other than women groups is to secure legitimacy and search for comparative advantage or complementarities from organizations with knowledge and expertise in other domains. Stiles (2002) described these dense networks as 'intermestic development circles'. The circles have gradually emerged into social structures separate from the rest of the society, imposing certain changes and conditions on their members. As key players, donors reposition themselves to accommodate demands from other members. However, the change donors undergo is subtle compared to that NGOs undertake. As implementing partners and receivers of funding, NGOs dramatically transform their organizational interests and cultures to align with those of other members in the circle. In doing so, they lose much of their identity and interaction with constituents.

An NGO response to shifts in donor funding requires triggering its existing relations; the response relies to a certain extent on the strength of ties with external stakeholders. The response can reaffirm the NGO position based on what the organization already has. Otherwise, the response can help the NGO assume another position to acquire what it does not have. An *exit*, *voice*, *adjustment*, or *loyalty* response is associated with the

location of the NGO in a donor's network. In other words, the NGO might be outside, peripheral, or central in a network that might be dense with strong ties or open with weak ties. An NGO at the center of the circle or network will only exercise *loyalty*. The NGO has strong ties with the donor and the other 'like-minded' NGOs might become captured by the donor network, leading to the risk of information redundancy (Watts 2003), which does not allow the organization to access information on other sources of funding. An NGO close to the circle is likely to exercise *voice*. Such a situation ensures adequate flow of resources. At the same time, the organization can benefit from access to information to coordinate with donors, project changes, and prepare for future projects. Moving away from the center of these circles, an NGO enjoys more weak ties with a donor network. The weak ties grant the organization accessibility to more diversified information and contacts outside the network that could be tapped as additional funding opportunities. The way an NGO utilizes these weak ties results in either practicing *exit* or *adjustment*. In the former case, the weak ties open gateways to additional resources that might compensate what an NGO is giving up if it drops funding from one donor. In the latter case, an NGO fails to tap substitute sources of funding, but the weak ties might allow the organization to generate new knowledge and ideas (Provan et al. 2005) that it can use as it re-approaches an existing donor with a project proposal. In other words, weak ties allow some NGOs to line up multiple donors to get loose and prevent co-optation (Tvedt 1998), while these ties help others shop for a project idea (Stiles 2002).

TWT Proposition: The location of an NGO in the densely knit network of a donor agency will affect the behavior or response of the NGO. An NGO more centrally located in a dense network with more strong than weak ties is likely to exhibit loyalty or voice. An NGO at the periphery of the network with more weak ties is more likely to exhibit adjustment or exit.

AN INTEGRATED THEORY AND ITS APPLICATION TO NGO BEHAVIOR

Organizational responses to the external environment are contingent on the organization itself. It is true that an organization exists in a market for influence and control, but the “organizational environments are not given realities; they are created through a process of attention and interpretation” (Pfeffer and Salancik 1978: 13). Pfeffer (2003) advises departure from “situations in which organizations were located and the pressures and constraints that emanated from these situations” (Pfeffer 2003: xi). The response is largely molded by learning about the environment and selecting and processing information that gives meaning to what is going on in the environment (Pfeffer and Salancik 1978). Gulati, Dialdin, and Wang (2005) point out a drawback of resource dependence work: “it assumes an atomistic environment in which information about other organizations is widely available and freely accessible to all” (282).

Another limitation of the resource dependence theory is highlighted by Davis and Powell (1992). The authors could not confirm whether the theory is concerned more with managing uncertainty or ensuring profitability and efficiency. The theory does not elaborate on the cost of a certain organizational resource that has direct implication on net profit, if that is what an organization is aiming for. When it comes to managing uncertainty, Pfeffer and Salancik (1978) themselves drew attention to ‘situational contingencies’ (16) that constrain organizational behavior. The authors considered that although such constraints are disparaging, they at times facilitate organizational decision processes by limiting the effect of the organization.

These three limitations (constraints, cost, and information) could be addressed if we lean on the network perspective. The main premise of the network perspective is that organizations are embedded in a wide variety of networks (Granovetter 1973, 1983).

These networks are composed of structures that “both constrain [...] actions and provide opportunities to achieve goals” (Guo and Acar 2005: 348). This should provide insight on situational contingencies and constraints and determine how much effect an organization retains on the surrounding environment.

The second issue is cost. Transaction cost theory (Coase 1937; Williamson 1975, 1991, 2005; Barney and Hesterly 1999) provides a strong justification of organizational decisions based on the cost of transactions in relationship among organizations. However, as North (1990, 1991) contended, these costs are shaped by formal arrangements and informal norms. The formal arrangements reflect economic rationality while informal norms are generated within structures and interactions. Therefore, an organizational decision is not based on calculation of transaction cost driven by pure economic rationality. This rationality is ‘embedded’ within social relationships (Granovetter 1985) where organizations make decisions based on trust or past actions they prefer to continue pursuing (Carolan and Natriello 2005; Haythornthwaite 2002).

The third issue is the availability of information. The network perspective also explains why information is widely available and freely accessible to some organizations but not to others. Organizations are interconnected in a dense network of strong ties or open network through weak ties (Granovetter 1973, 1983). In a dense network, the interaction

endures over time and information flows among fewer entities and through closed relations. Such a scenario leads to redundancy of information and restricts exposure to novel ideas (Adler and Kwon 2002; Cohen and Levinthal 1990; Krackhardt 1992). An open network allows more flexibility and mobility. New information is available rather than redundant or recycled, organizations have access to diverse and less consumed sources, and there are more venues for innovation (Fukuyama 2001; Lazzarini and Zenger 2002; Provan et al. 2005; Varda 2010).

The network perspective focuses on analyzing relationships or ties that exist among actors within a certain network (Scott 2000). The perspective explores relational properties that “focus on the content of the relationship between network members and on the form of these relationships (Streeter and Gillespie 1992: 202) as well as the structural properties, which “describe the way members fit together to form social networks” (Streeter and Gillespie 1992: 202). In other words, relational properties describe the types of relations among actors, while structural properties are derived from the characteristics of actors, groups of actors, or a whole network.

Relational properties explain the existence of a network through understanding the purpose of the relations among actors. Relational properties are analyzed through the transaction content and the nature of the relationship. The transaction content refers to the substance of the exchange among actors and can take the form of resources, information, influence, and social support. The nature of the relationship refers to the inherent quality in terms of its importance or significance to involved actors, frequency and recurrence of

interaction, degree of formality, level of standardization, and procedural requirements (Streeter and Gillespie 1992). For example, the relational properties of networks may explain the flow of funding throughout a network by measuring grants made and partnerships NGOs establish to execute a funded project. In such a case, the content of the transaction is financial resources and the nature of the relationship is characterized as important, formal, and standardized.

Structural properties explain how relations and ties shape and differentiate the characteristics of actors (Streeter and Gillespie 1992). For an individual actor, the analysis is on the role assumed, such as a broker, bridge, gatekeeper, synthesizer or facilitator (Agranoff and McGuire 2001; Kickert, Klijn, and Koppenjan 1997; Lorenzoni and Baden-Fuller 1995; Paulson 1985; Saz-Carranza and Ospina 2010; Scott 2000; Tichy and Fombrun 1979). Another point of analysis is the position in the network: whether at the center or periphery of the network and vis-à-vis other actors (Borgatti and Everett 1999; Burt 1976; Comrey 1962; Freeman 1979; Provan et al. 2005; Valente and Foreman 1998). At the group level, the interest moves to the concentration or association of several actors to form subgroups within the broader network (Watts 1999) and the interaction and fitness of the subgroup within the entire network. The structural properties of the total network tackle issues like degree of homogeneity (Krackhardt and Stern 1988), density of interaction (Hanneman and Riddle 2005; Provan et al. 2005), and existence of structural holes (Burt 1976). For example, in the exchange of resources through funding grants, we can use the same network data to identify an NGO that is more central in the exchange and in which one is the gatekeeper in terms of allowing access to funding. The data

allows exploring whether certain NGOs are clustered together, i.e. collaborating together on more projects than others. Finally, structural properties reveal the tendency of NGOs to associate and bond with other organizations of the same size or in the same industry.

Combining the relational and structural properties garners a strong hold of the context of inter-organizational relationships. Although the relational properties help understand the purpose of a relationship in terms of the content and quality of interaction, the analysis remains, at the surface, of assessing the importance, frequency, and formality of relationship (Streeter and Gillespie 1992). A thorough analysis needs to go beyond that into assessing the significance of the content being exchanged through these relations. With its focus on criticality, availability, and discretion over the content of relations (i.e. resources), resource dependence theory (Pfeffer and Salancik 1978) promises to even out the limitations of the network perspective.

Therefore, integrating resource dependence theory and the theory of weak ties has the potential to move research forward and approach organizational behavior in a more comprehensive way. The two theories conceptualize an organization's environment as a set of external actors. RDT (Pfeffer and Salancik 1978) focuses on the dyadic relation an organization has with a set of actors in its environment. The manipulation of these dyadic relations against one another to secure the flow of resources to the organization determines the behavior of the organization. Nevertheless, the organization is constrained by the interaction of these dyadic relations. Here, the theory of weak ties (Granovetter 1973, 1983) provides a lens to examine an organization's behavior beyond the dyadic

level. The primary focus of the theory is the ties among actors and how the positions of organization in a network influence decisions and behaviors. The two theories combined provide a better understanding of the environmental influences on NGO behavior. These influences are dependence and control over resources and ties the organization has within its surrounding environment (network).

In his call for 'A Good Network Theory of Organization,' Salancik (1995) assesses the potential of network analysis in supporting RDT. However, a major unaddressed concern of the theory is "the collective nature of organizational action and the role of networks in maintaining stable collective structures" (Salancik 1995: 346). Interactions among organizations, based on their positions in a network could be 'purposeful strategic action'; this determines the collective nature of organizational actions. Salancik (1995) recognizes that control over resources is not the only source of power in an inter-organizational relationship. "Network positions are related to power... Some network positions are better to be in than others, namely, those that provide for least constraint and take least effort to maintain while still providing the most access to flows of information or other goods" (345-6).

Rowley (1997) agrees with Salancik (1995) that control over resources is the source of power according to RDT. He diligently elaborates on RDT being focused on "relational content-the power/dependence flowing across relationships" (Rowley 1997: 907).

Establishing a balance or completing the picture, network analysis focuses on "relational context-the structure of relationships" (Rowley 1997: 907). Therefore, the integration of

resource dependence theory and theory of weak ties yields better prediction of the mode of behavior an NGO adopts as a donor decides to shift funding focus. Figure 5.3 ties the various theoretical and conceptual perspectives to the integrated theory.

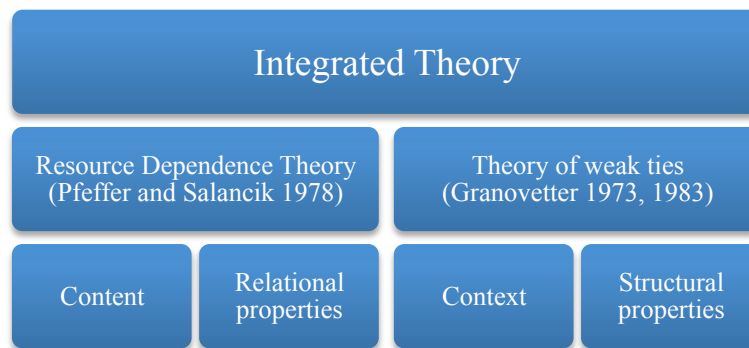


Figure 5.3: Theoretical and Conceptual base of the Integrated Theory

Presenting an integrated theory, this dissertation considers that an NGO's response is not separately determined by the NGO's dependence on the donor or its location in the donor's network. The proposed integrated theory confirms that organizations are dependent on resources that are controlled by other organizations (in this case, donors). Funding, as a resource, is the basis of power exercised by a donor. However, the integrated theory argues that the dependence of an NGO is not necessarily equal to the power of a donor. This is mainly because the NGO is embedded in a network of other actors where the location and connections of the organization grant the NGO its own power.

The degree of NGO dependency on external resources is the most obvious determinant of a reaction. Relying on the findings presented in the previous chapter, the two NGOs with

more diverse portfolios of donors (NGO1 and NGO2) exercised *adjustment* less frequently than the other two NGOs. However, NGO1 practiced more *exit* than NGO2, although both organizations have low levels of resource dependence. Therefore, even NGOs with comparable resource dependence still vary in their responses to changes in their external resource environment. Therefore, resource dependence does not fully prompt the variation in responses among the NGOs studied in the exploratory phase of the dissertation.

The integrated theory then should verify NGO responses to shifts in donor funding as captured in the modified typology of *exit*, *voice*, *loyalty*, and *adjustment*, elaborated in Chapter Four. This produces a matrix, with the four modes falling in place along two dimensions: relational content and relational context (see Table 5.1 below). According to Rowley (1997), relational content refers to the dependence on external resources and the associated power or demand resource holders possess. Such resource dependence can be either high or low. Relational context refers to the structure of relationships. The structure is the result of institutional arrangements (North 1990, 1991) in which the strength of network ties an organization builds in its surrounding environment determines power asymmetry (Granovetter 1973, 1983; Reed 1996; Rowley 1997).

In this matrix, *exit* is practiced when resource dependence is low and the network ties are weak. *Voice* is practiced when resource dependence is low and the network ties are strong. *Adjustment* takes place when resource dependence is high and ties are weak. *Loyalty* is common when resource dependence is high and network ties are strong.

Table 4.1: Matrix of NGOs' Responses to Shifts in Funding

		Relational Context-Network Ties	
		Weak	Strong
Relational Content-Resource Dependence	Low	Exit	Voice
	High	Adjustment	Loyalty

To elaborate, the following discussion considers scenarios of high and low resource dependence and weak or strong ties in a network. Using the modified Hirschman's (1970) typology presented in Chapter Four, I predict how NGOs will respond to shifts in funding.

Low Resource Dependence/Weak Ties: Exit

Low resource dependence denotes the ability of an organization to buffer the influence of external actors. External actors' discretion over resource allocation is relatively limited; the relative magnitude of exchange in the relationship between the organization (NGO) and external actor (donor), measured by its proportion of total input, is low. In addition, there are other alternative sources that an organization can approach for the resource (funding in this case) (Cho and Gillespie 2006; Oliver 1990; Pfeffer and Salancik 1978; Pfeffer 1982).

Let us consider a case selected from the findings discussed in Chapter Four. NGO1 was implementing a project on environmental standards and regulations funded by Donor B's institutional development program when the donor interest diverted and shifted to human

rights in the following funding cycle. NGO1 decided to practice *exit* and not apply for funding. At that time, the organization maintained a low resource dependence and had weak connections in the donor network.

To elaborate, the former director of NGO1 discussed the financial situation of the organization at that point in time. Since inception, NGO1 tried to sustain a certain degree of financial autonomy. Several means were utilized to achieve that end. First, membership fees were to be the main source of income (and in the beginning the only source). Second, the organization was not to accept a substantial amount from a particular source, in order to eschew influence on decisions. Third, NGO1 secured funding for particular activities within each project it was implementing, which helped the organization avoid large budgets and administrative costs that risk running into a deficit when funding is not available. The executive committee debated revisiting these imperatives. One point of view favored recruiting more staff instead of relying on volunteers, opening up to donors instead of being picky in the choice, and accepting bigger grants instead of tying funding to specific activities. This view was rejected, and NGO1 renewed its commitment to the concept and practice of volunteerism in its work. Instead of recruiting project-based paid staff and worrying about their retention, volunteers ran and implemented projects with the support and under the supervision of members of the executive committee.

From this brief description, we notice that NGO1 was addressing the criticality and concentration of resources by relying more on internal resources (membership fees) and

restricting substantial flow—and control—from any single source (Cho and Gillespie 2006; Pfeffer and Salancik 1978; Pfeffer 1982). Another key strategy here was to increase organizational efficiency (Oliver 1990; Thompson 1967), specifically through identifying volunteerism as an input and using funding to cover only the costs of activities.

Concerning inter-organizational relations, NGO1 assessed its ties as weak across different categories (donors, environmental organizations, and other NGOs). NGO1 is mainly floating alone; its inter-organizational relations are contingent on the moment and the perceived benefits. Donors are perceived as partners when the agendas of the two sides match. The relationship is restricted by the NGO's policy on funding and a conviction that funding is not constant. An NGO1 representative commented,

We continuously analyze and break down the nature and background of any funding—not just the donor. That is why I said that there is no continuous donor. Even with donors as partners, we understand that the relationship is still limited. I do not want a donor to interfere in my business and I do not want to interfere in his. Actually, a donor wants us to stay at a distance. You asked about consultations. You would think we would have, but our donor has not involved us in one (Interview #1).

When NGO1 had to make a decision about Donor B's new funding objective, the organization did not see much value or have much interest in building strong relations with other NGOs. In general, its relations to other NGOs were sporadic, limited to short-term campaigns on emerging environmental problems. In fact, NGO1 worked on the environmental standards funded by Donor B in the previous funding cycle because of a coalition of local NGOs the organization was leading. A member of NGO1 assessed the experience saying, "it was an exhausting experience. We should have not done the whole

project or we should have done it with a completely different approach” (Interview #15). Interestingly, NGO1 was more inclined to establish and maintain connections with international organizations and foreign NGOs. One NGO1 member’s remark was direct to this point, “we see the value and benefit of these connections far more from any partnership with local organizations” (Interview #1). International entities are perceived as channels for scientific knowledge, expertise, and information, as well as potential channels of funding when needed.

As an organization with more weak ties, NGO1 belongs to an open network. The position of the NGO in this network thus equips it with broader connections beyond the boundaries of the network. The implications or benefits for NGO1 here are threefold. First, an open network includes more entities of heterogeneous characteristics that an organization can interact with (Granovetter 1973, 1983). These interactions are considered alternative sources for resources that an organization needs (Emerson and Cook 1974), and consequently result in more power and independence within the network (Cook 1977). Therefore, the weak ties of an organization directly feed into its level of resource dependence tolerance.

Second, the organization’s weak ties render better access to information and/or resources. Because the ties are among nonaffiliated groups, the information received is likely to be unique and novel (Fukuyama 2001; Provan et al. 2005). An organization can use the information for its own benefit, including manipulating or disclosing it vis-à-vis other actors within the network. Weak ties provide access to new resources that the

organization has not tapped before and that are not consumed and absorbed within its network (Ashman et al. 1998; Varda 2010). This is beneficial to the organization since it does not need to compete for a limited pool of resources within the network.

Third, the absence of strong ties indicates that the organization does not share the same identity with other actors within the network (Ashman et al. 1998; Granovetter 1973, 1983). With less frequent interaction, the organization has more autonomy to determine its own course of actions that does not necessarily align with the common culture within the network. Sustainability of relationships and reciprocity of trust are not peculiar motives behind organizational behavior.

As a result, NGO1 realized a divergence of interests with the donor. The organization could escape the pressure to comply with new funding criteria by not applying for funding and suspending the interaction with the donor, which is already not strong or frequent. The NGO buffered such pressure due to limited reliance on external resources from any particular donor, as well as its ability to utilize weak ties to have the flexibility in decision-making and to seek resources or information on other sources of funding elsewhere.

Proposition 1: The lower the organization's resource dependence and the weaker its ties, the higher the likelihood that an NGO will adopt exit as a response to shifts in donor funding, in an attempt to avoid complying with new funding criteria.

Low Resource Dependence/Strong Ties: Voice

An organization with low resource dependence but with strong network ties can exhibit another type of behavior: *voice*. Such an organization has balanced its reliance on external sources of funding. There is diversity in the pool of external resources and the discretion of an external actor over resource allocation is constrained (Pfeffer and Salancik 1978). To elaborate, let us consider the decision of NGO2 to launch an environmental advocacy campaign with funding from Donor A's good governance program.

The financial situation of NGO2 witnessed several turning points. In the beginning, the organization did not pay much attention to its financial autonomy and struggled in its search for funding. With the expansion in work, NGO2 started to run a deficit and hired staff whose sole responsibility was to secure funding. On the verge of Donor A's funding shift, the organization was working on balancing its dependence. What was happening back then?

The executive director explained two contributing factors. "We realized we cannot work like other NGOs getting funding for several months to execute a project and then looking for another funding. We took the decision to launch self-sustainable projects that cover their costs and generate some profit" (Interview #2). This is an obvious and efficient solution for criticality of resources through rethinking of means to increase internal revenues (Cho and Gillespie 2006; Oliver 1990; Pfeffer and Salancik 1978). The other factor was diversity of donor funding. Specifically, around the time when NGO2 decided

to implement the environmental advocacy project, the executive director faced the general assembly with an inevitable decision:

I illustrated how the diversity in sources of funding could help NGO2. We used to have three donors. If we have any disagreement with one of them, at least one third of the budget is suspended and if a relation is terminated, we might need to dissolve the organization. With multiple donors, we are safer. The total budget might still be the same but diversity diminishes the risk especially that even among donors we are not reliant on one more than others (Interview #2).

This decision was approved and ultimately reduced the dependence of the organization on a handful of donors. Diversification and limiting discretion and concentration manifested into more organizational influence and decision-making autonomy (Dunn 2008; Froelich 1999; Oliver 1990; Pfeffer and Salancik 1978).

In addition, NGO2 was driven by the motivation for institutionalization. The organization adopted certain practices that could be interpreted as a means to manage resource dependence and buffer external demands, specifically from donors. NGO2 members highlighted the level of professionalism they have reached in the organization, especially when complicated systems of monitoring and reporting often requested by donors are concerned. According to Pfeffer and Salancik (1978), professionalization is one way to buffer external demands and give the organization more flexibility of action.

Furthermore, NGO2 is one of the few organizations that recognize the importance of symbolic, non-material resources in its relationship with donors (Ebrahim 2005b).

Credibility and legitimacy as reflected in the record of accomplishment, expertise, and connections are symbolic resources that the organization was not hesitant to put to practice. As one NGO2 member explained, "When donors want to work on

environmental issues in Lebanon, the first name they mention is NGO2. NGO2 is credible and can offer technical expertise to conduct and submit studies and needs assessments and to discuss action plans” (Interview #26). Through the use of technical information and expertise, NGO2 was able to manage resource dependence; first by creating a relationship of interdependence with donors, and second by potentially adding more value to the substance of its activities (Cho and Gillespie 2006; Pfeffer and Salancik 1978; Saidel 2000).

When faced with a shift in donor funding priorities, and with a low level of resource dependence tolerance (like NGO1), NGO2 practiced *voice*. *Voice* was practiced due to the organization’s ties with donors and other actors within the network. NGO2 had been building a strong network with donors, local organizations, and government agencies. The members of the organization describe their relationships as strong, ongoing, and cooperative. As one NGO2 member reported, “Donors are partners. We have a long history with some donors who contribute to shaping, designing, and implementing the project from A to Z. I value such involvement because there is a chance then for an ongoing relationship in the future” (Interview #6). The relationship with Donor B, for example, went beyond funding a single project into participation in meetings and consultations or even monetary donation and technical support provided by donor personnel. That is why an outside observer commented, “the donor identified NGO2 as a strategic partner. This permitted the NGO to become familiar with the donor, its priorities, and work formats and requirements. So, we can notice this connectivity and

stability among the group of NGOs working with a donor, although from time to time there are few newcomers” (Interview #12).

NGO2 valued the importance of inter-organizational cooperation and support. The interviewed members of NGO2 strongly believed that the strength and success of their organization were not going to be sustained unless a broader change took place through collective action and not separate initiatives. Other NGOs were not viewed as competition and relationships were based on respect, support, and partnership.

It is in our interest to strengthen the capacity of other NGOs. NGO2 was the first to set-up a consortium of NGOs to work on a big-funded environmental project. When we see there is a local NGO in an area we want to work in, we do not establish a working unit but rather collaborate with the NGO. Finally, we use an open donor policy with these NGOs; we assist them through our connections, put them in contact with donors, and even help them get funding (Interview #2).

This approach was needed for two reasons. The first reason is the interest in being perceived as an institution and in becoming a reference for peer organizations working with a certain donor. The second reason is the organization’s interest in further building and entrenching the credibility, legitimacy, and representativeness of the organization. All these inter-organizational relations accumulate to strong ties that characterize the networks to which NGO2 belongs.

The theory of weak ties describes strong ties to a dense network, where an organization enjoys several advantages. A network of strong ties includes fewer entities with similar or shared identities, where interaction is frequent and relations are repeated and enduring (Granovetter 1973, 1983). In such a situation, the actors experience the same conditions,

share the same information, and benefit from the same flow of resources (Ashman et al. 1998; Carolan and Natriello 2005; Varda 2010). The diffusion of information and communication within the network is redundant but efficient (Granovetter 1973, 1983). Actors enjoy better opportunities and structures to facilitate information exchange. An NGO can access the right information through different channels before a donor makes a final decision. The NGO has the advantage of communicating its feedback and concerns to the donor in an attempt to influence the final decision. Moreover, because the exchange is reciprocal and communication is two-way (Paarlberg and Varda 2009), one actor (e.g., a donor) would listen to another actor (e.g., an NGO) as the latter receives information.

Strong ties increase the visibility and transparency of actions. Frequent interaction and extended relations serve as a form of checks and balances and are more likely to prohibit malfeasance, manipulation, and opportunism among actors (Granovetter 1983, 1985). What is generated is a willingness to cooperate. This willingness is reconfirmed by the actors' preference to work with those they trusted in past experiences instead of trying to figure out new partners and undergo new experiences (Carolan and Natriello 2005; Haythornthwaite 2002; Krackhardt 1992; Nelson 1989; Provan et al. 2005). Therefore, strong ties renew trust among actors, which in turn reinforces the ties. This renewal of trust and reinforcement of ties provides additional incentives for actors to sustain the relationship. Actors solve disputes through negotiation and compromise rather than conflict and separation. Actors need to invest efforts and resources in the relationship in order to manage it. The level of investment associated with the strength of the ties makes

it hard and expensive for any actor to suspend the relations (Dyer and Singh 1998; Provan et al. 2005).

It is common in a network for centers of power to emerge. An actor with a large number of ties becomes focal or central within the network. This centrality is a source of power as the actor controls the flow of resources and information inside the network (Boje and Whetten 1981; Provan et al. 2005). Such a position further reinforces the ability of an actor to sustain its activities while maintaining strong ties with other actors. Centrality promises a certain degree of flexibility in decision and behavior.

Accordingly, network ties could constrain actions as much as garner opportunities for organizations (Guo and Acar 2005). Backed up with trust and potential power in a donor network, an NGO is better equipped with information as a resource; it is also less dependent on the donor for external resources due to the availability of other sources or the low ratio of external resources to internal resources. As a result, the NGO can manipulate its surrounding environment and buffer external demands, especially if it has a central position in a donor network. The NGO advocates its own interests, attempting to influence the donor to partly reconsider shifts of funding. It is in the best interest of the organization to try to challenge the donor's objectives and to influence the funding decision. Complying with one donor's expectations might lead to disregarding the expectations of other donors with whom the organization also has strong ties.

Proposition 2: The lower the organization's resource dependence and the stronger its ties, the higher the likelihood that an NGO will adopt voice as a response to shifts in donor funding, in an attempt to influence donor's decision and sustain the relation.

High Resource Dependence/Weak Ties: Adjustment

An organization with high resource dependence is characterized by a high ratio of external to internal resources, fewer external sources of resources, and control over resources by a particular source (Pfeffer and Salancik 1978). Such an organization has limited ability to manipulate external pressure. The organization is more likely to comply with the demands of the actor controlling resources after it elaborately attempts to buffer these demands (Cho and Gillespie 2006; Cook 1977; Oliver 1990; Pfeffer and Salancik 1978).

Let us consider the situation of NGO3. The organization approached Donor A with a project on citizenship when the funding objective changed to good governance. In general, NGO3 had always been financially dependent on external sources of funding. Membership fees were minimal and did not account for a considerable percentage of the budget. Many members either did not pay the fee or volunteered their time, expecting the fee to be waived. The organization did not have any other internal sources of revenue. Reliance on the expertise of its members could have been an internal asset, but was quickly exhausted and then witnessed a drop due to member attrition. The president of NGO3 complained that it was impossible to continue the work if the NGO did not have a donor to fund its activities. “Our resources depend on projects. If we write a good proposal and get funding, we can say we have money; otherwise we do not” (Interview #11). The organization had a limited pool of donors and failed to diversify its sources. Therefore, NGO3 had a constrained ability to manipulate its environment and to resist or

buffer the demands of donors providing financial support for the operations of the organization (Cho and Gillespie 2006; Pfeffer and Salancik 1978; Pfeffer 1982). Unless NGO3 were to bring its operations to almost a complete halt, which was not the case or interest at the time Donor A started to focus on good governance, the organization was to be dependent on Donor A, especially since the bulk of external funding was channeled from that donor.

Not only did NGO3 suffer from limited resources, it also had weak ties within the network of donors and local NGOs. The president of the organization described the NGO-donors relations as weak. “They are the money makers that when you need money you knock on their doors. Donors consider they are subcontracting you and you are responsible for implementation. At the end of the project, they do a technical and financial audit” (Interview #11). Other NGO3 members complained that their organization was less advantaged and always struggling to get funding because it was not connected to ‘the right actors’, including the donors and their local partners.

In fact, NGO3 has yet to establish any lasting partnerships with other local NGOs. The lack of adequate human and financial resources needed to manage partnerships could explain NGO3’s weak inter-organizational relations. However, members of the organization also claimed that most NGOs are captured by political and personal agendas and not working for the public benefit. This hostile opinion drives NGO3 away from other groups. Relationships are weak and limited to information exchange and coordination on specific environmental issues. What NGO3 has been trying to do is to

compensate for that weakness by exploring networking opportunities, regionally and internationally, through the contacts of its members. These opportunities have not always been rewarding, but the fact that NGO3 does not need to make a considerable investment to sustain a connection encourages the organization to keep an eye open—but with caution and modest expectations.

The challenge then is for an NGO with high resource dependence and weak ties to explore ways to avoid compliance with external demands. Weak ties may relieve some pressure on organizations. The fact these ties do not require high maintenance or costs should encourage organizations to possess more weak ties as a means to increase diversity and accessibility (Paarlberg and Varda 2009). Weak ties are pipelines to information outside the network (Granovetter 1973, 1983). They provide a window of opportunity for the NGO to screen any other available alternatives—although few. An organization has the chance to manipulate information it gets from one source (the donor) against what it gets from another. The organization enhances its standpoint and considers possible alternatives to complacency.

Furthermore, weak ties characterize a less dense network. The interactions between organizations within the network are less frequent. Therefore, an organization has some autonomy (Granovetter 1973, 1983). The organization is not closely checked or monitored by other members of the network. It enjoys flexibility in choosing its course of action (Lazzarini and Zenger 2002) without being too concerned with possible

repercussions on sustainability, transparency, and visibility within the network, which prevail when the organization is strongly connected to other actors.

As a result, an NGO with high resource dependence relies on its weak ties for marginal autonomy and flexibility. Novel information might be of limited use or has been shared among donors. The NGO realizes it can no longer buffer the external pressures of donors if it is interested in sustaining services. The organization might consider “adjust[ing] or sever[ing] their existing ties to benefit from new external opportunities” (Lazzarini and Zenger 2002: 6). The NGO is ready to pay a higher price to get the funding, “altering purposes and domains to accommodate new interests [...] and when necessary, becoming involved in activities far afield from [its] stated central purposes” (Pfeffer and Salancik 1978: 24). The NGO then voluntarily and consciously complies with the donor’s demands or new funding criteria.

Proposition 3: The higher the organization’s resource dependence and the weaker its ties, the higher the likelihood that an NGO will adopt adjustment as a response to shifts in donor funding, in an attempt to sustain services to the community by complying with new funding requirements.

High Resource Dependence/Strong Ties: Loyalty

While the previous scenario affords an NGO some flexibility in selecting a course of action, an organization with high resource dependence and strong ties within a dense network lacks discretion for maneuvering. The reader should note here that the current research does not provide a case example for this particular situation.

First, the main motive for a resource dependent organization is certainty and stability in its environment. Strong ties are more likely to satisfy the motive by providing direct and frequent access to the right actors in the network. However, as Lazzarini and Zenger (2002) point out, the degree of commitment is key. In other words, the circulation of trust between the actors in a network of strong ties ensures the flow of services and resources (Carolan and Natriello 2005; Haythornthwaite 2002; Krackhardt 1992; Nelson 1989; Provan et al. 2005). As these strong ties generate the positive results hoped for, the organization becomes distracted with the frequent interactions strong ties impose, and relaxes its search for other resources (Lazzarini and Zenger 2002).

Therefore, strong ties constitute constraints on organizational behavior. However, the impact is also on organizational identity. Dense networks usually form among actors with homogeneous characteristics (mission, values, culture, and so forth). Organizations that are alike might find it natural to be connected and work together (Gulati 1995; Paarlberg and Varda 2009). However, the risk, as Blau (1974) points out, is that the society could be divided into small groups that are loosely connected through weak ties. Stiles (2002) labels this form of interaction as a maturation stage characterized by a coherent social structure. A coherent structure identifies an NGO with a donor and separates it from the rest of society. Accordingly, an NGO is likely to behave like the donor and dissolve its own identity and autonomy.

The proximity to the donor does not allow flow of new information from outside the network (Granovetter 1973, 1983). An NGO will be occupied with the information being

fed from within the existing network. Although the NGO's interests and objectives might be different, filtered, or redundant, information brings it closer to the donor. The organization will not know what is going on beyond its immediate network (Adler and Kwon 2002; Cohen and Levinthal 1990; Krackhardt 1992). The problem here is information insufficiency or unavailability, not just redundancy.

Finally, a dense network of strong ties allows the actors to closely and efficiently monitor each other's behavior. Granovetter (1973; 1983) underscores how embeddedness in networks, especially those of strong ties, discourages malfeasance and malpractice. Hence, having access to information, a donor controlling the limited funds of an NGO can immediately detect any attempt by the NGO to act against the stated objectives or interests of the donor. Consequently, the donor takes immediate measures to deter or punish such behavior.

As a result, the combination of strong ties and high resource dependence leaves an NGO no discretion to buffer any external demands. An NGO is captured in a trap of dependence: shared or almost isomorphic identity and culture, limited resources, restricted accessibility, redundant information, and monitored behavior. The acceptance of confinement within a network of strong ties in order to ensure a certain degree of stability and certainty comes with a high price. The pressure toward automatic conformity with donor demands is ever intensified and never relaxed.

Proposition 4: The higher the organization's resource dependence and the stronger its ties, the higher the likelihood that an NGO will choose loyalty as a response to shifts in donor funding, in an attempt to continue satisfying the donor.

Theory Propositions

To recap, NGO behavior is determined by both relational content and relational context.

In other words, NGO responses to changes in donor funding result from the interaction between the two forces: its dependence on resources and its ties in the relevant network.

The likelihood of an organization adopting *exit* as a response to shifts in donor funding is higher with lower resource dependence and weaker network ties (proposition 1). The likelihood of an organization practicing *voice* is higher with lower resource dependence and stronger ties (proposition 2). The likelihood of an organization practicing *adjustment* is higher with higher resource dependence and weaker network ties (proposition 3).

Lastly, the likelihood of an organization adopting *loyalty* as a response to shifts in donor funding is higher with higher resource dependence and stronger ties (proposition 4).

These four propositions can be translated into testable hypotheses. However, as noted in the first and exploratory phase of this dissertation, *loyalty* is typically found in NGOs that are established by donors. The possibility of the recurrence of such a behavior among a limited sample of NGOs (as is the case in the Lebanese environmental arena) is small; therefore, this particular proposition will not be tested with a hypothesis. Therefore, the following three hypotheses are proposed for testing in this dissertation:

H1: The lower the resource dependence and weaker the ties, the higher the likelihood of practicing exit.

H2: The lower the resource dependence and stronger the ties, the higher the likelihood of practicing voice.

H3: The higher the resource dependence and weaker the ties, the higher the likelihood of practicing adjustment.

It is necessary to bear in mind that organizational behavior is not static. NGO responses to shifts in funding change over time as Chapter Four illustrates. For example, an NGO practiced *voice* during one funding cycle and then decided to *exit* in the following cycle. Based on the integrated theory, this means NGO's ties were strong in the first case, and became weaker in the second, while the organization maintained low resource dependence. Another NGO practiced *voice* followed by *adjustment*. This means that the organization had a low level of resource dependence and strong network ties; in the following funding cycle, resource dependence increased while the ties in the donor network became weak.

These scenarios are highly plausible given what we know from organization theory. First, an organization is a "coalition of shifting interest groups" (Scott 1987: 23) making decisions to protect its core technology and adapt to better fit its environment (Thompson 1967; Baum and Rowley 2002). However, we do expect the interests within an organization to shift and the core technology to undergo certain changes. Specifically, if we are talking about financial resources, it is very likely that internal revenues increase or decrease over time, as does reliance on external resources. At the same time, the surrounding environment is also changing. The demands of external actors are continuously modified. Therefore, it is also likely to witness cases when external sources of funding become more or less diversified and more or less concentrated. This means that the dependence of an NGO on external resources might change over time, from one funding cycle to another.

Second, organizations are embedded in networks of relations that shift over time. These networks are constructed of weak or strong ties based on existing relationships.

Relationships are built and developed over time through exchange and interactions.

Starting as weak connections, relationships are confirmed and ties evolve, strengthen, and mature when interactions become more frequent, exchanges become more extended, and trust becomes reciprocal (Paarlberg and Varda 2009; Provan et al. 2005). An alteration in the frequency of interaction or a drop in reciprocal trust and exchange could bring back the relationship to square one, where ties are weak. This means the type of ties (strong or weak) an NGO has in a donor network might change over time, from one funding cycle to another.

In conclusion, the modified framework of *exit*, *voice*, *loyalty*, and *adjustment* was case-specific in the sense that it explains an NGO relation vis-à-vis a specific donor, but not all donors. The integrated theory explains an NGO reaction at a specific point in time, e.g. when the donor decides to change the nature of its funding. This means the reaction is temporal and subject to change in the next funding cycle due to changes in either the NGO's resource dependence, or its ties in a donor network, or both.

CONCLUSION

Resource dependence theory (Pfeffer and Salancik 1978) suggests that the mode of response is a reflection of the NGO's management of its dependence on an external resource and the ensuing demands of a donor controlling the resources. The level of resource dependence determines an NGO's response. In contrast, the theory of weak ties

(Granovetter 1973, 1983) suggests that the location of the organization in a donor network indicates the strength of its ties to the donor; consequently, the response of the NGO is determined by the dominance of strong or weak ties.

This chapter integrated these theories to recognize that not all organizations will necessarily have the same resource dependency or same nature and structures of relations, which can make it difficult to agree upon the reaction to changing donor priorities. This chapter made the case for an integrated theory, which stipulates that an organizational response to changes in its external environment depends on the level of resource dependence tolerance as well as the strength of ties in a network of actors. In particular, NGO responses of *exit*, *voice*, *loyalty*, and *adjustment* to shifts in donor funding result from dependence on external resources (broadly defined) and the ties an NGO has in a donor network. The following chapter turns to verify the propositions derived from the integrated theory by testing the abovementioned hypotheses. Before such testing, however, the methodology is discussed in Chapter Six.

CHAPTER SIX: QUANTITATIVE AND NETWORK ANALYSIS METHODOLOGY

INTRODUCTION

In the preceding chapters, I showed how NGO responses to shifts in donor funding could be captured in a conceptual framework that builds on and modifies Hirschman's (1970) typology of *exit*, *voice*, and *loyalty* through the introduction of a fourth category, *adjustment*. I further argued that although resource dependence theory presents a sound justification for reasons underlying a specific response, integrating the theory with the theory of weak ties provides a compelling case.

This chapter explains how the propositions generated in the previous chapter are tested. To proceed, I first present network analysis as the analytical research method. Then, I discuss research design, including the sample characteristics and data collection. Next, I move to explain the dependent and independent variables and their measurement. I provide a descriptive analysis of the plotted network sociograms and calculated independent variables. The chapter concludes with a discussion of ethical considerations and potential methodological limitations.

NETWORK ANALYSIS

Network analysis uses relational data to describe connections or ties that exist between nodes (actors or organizations) within a certain network (Scott 2000). Network analysis as an analytical tool yields two types of relevant information: relational properties and

structural properties (Streeter and Gillespie 1992). The former describe what is exchanged in network relationships and how these relations change; the latter cover structural mechanisms on which relationships are based and accordingly identify actors' roles. This dissertation draws on both properties of the NGO-donor network. The network ties are operationalized as: 1) partnerships and joint organizational memberships among NGOs and 2) funding relations that exist between NGOs and donors. The relational properties reveal funding channeled in the network. The structural properties indicate the position or location of each NGO in the network in terms of centrality (Freeman 1979).

Network analysis, as a methodological approach, serves two main functions. First, it allows plotting different network diagrams based on various characteristics or attributes (Borgatti, Everett, and Freeman 2002; Freeman 2000; Scott 2000). The network diagrams depict ties between different actors and “require careful investigation to reconstruct the meaning” (Diani 2002: 174). To this end, qualitative interpretation is germane. Second, network analysis permits operational measurement of network concepts that, in turn, allows to empirical hypothesis testing. The dependent variables in these hypotheses are derived from the conceptual framework developed by the exploratory approach: *exit*, *voice*, *loyalty*, and *adjustment*.

Research Design

This research focuses on organizational decisions, inter-organizational relations, and organizational position. It is designed to map a network of environmental NGOs in Lebanon. The first issue to tackle in network analysis is the identification of the

boundaries of the network. Diani (2002), Knoke (1994), and Knoke and Kuklinski (1982) present two strategies: normalist and realist. The normalist strategy grants the discretion to the researcher based on the research question that “is imposed by the researcher’s conceptual framework that serves an analytic purpose” (Knoke and Kuklinski 1982: 22). The researcher defines the criteria, selects actors involved, constructs the ties, and then studies the interaction (Diani 2002; Knoke 1994; Marsden 1990). This imposed boundary risks the exclusion of other actors that might be involved but is an effective and efficient way to complete the research. The realist strategy, on the other hand, leaves it up to the actors involved to define the boundaries of the network as they practically experience the limits. The discretion here shifts to the actors and risks a lack of a common understanding of what a network is and what ties should be included.

I adopted the normalist strategy in identifying the network boundary. Environmental NGOs in Lebanon are the general population, controlling for the variable of industry. As mentioned in Chapter Three, the rationale of focusing on these organizations is that an environmental NGO, more than any other NGO working in a different industry, has a focused mission and scope of work, i.e., the environment.

Sample Design

The second issue to address in research design of network analysis is sample design. “Network sampling should be fairly limited” (Diani 2002: 183). Sampling a certain percentage of the general population means excluding the remaining percentage of the ties in the whole network. This means, “the amount of ties lost through sampling is

approximately $100-p$ where p is the proportion nodes in a network for which we have been able to collect data” (Diani 2002: 183; Barnes 1979; Burt 1983; Marsden 1990). Therefore, the targeted sample for this part of the dissertation is the whole population of environmental NGOs in Lebanon. This step is feasible because the number of registered environmental NGOs is relatively small.

The Lebanese Ministry of Environment provided a list of 310 civil society organizations that are doing some work in the environment industry in Lebanon. The list was filtered using two criteria. The first criterion is that only self-governing, non-governmental, not-for-profit, and non-political NGOs working on the improvement of services and public benefit were to be included (Lewis 2001: 60; Vakil 1997). Student clubs, for example, were excluded since they are not self-governing. The second criterion is that of organizational mission. The primary mission has to be environmental. Hospitals and universities, for example, were excluded. To verify the environmental status, two sources were used: the online database (www.lebanon-support.org) and the United Nations Development Program directory. The total number of registered NGOs that are primarily environment-oriented in their mission is 153.

The research was scheduled to take place in Summer 2010. The political situation in the country was tense. Political debates placed the subject of foreign funding on the table. Accusations were made that foreign funding was being used for political purposes. Threats were made to publish a list of more than 800 individuals and NGOs collaborating with foreign donors against their fellow citizens. Many NGOs that were to be invited to

participate in the research expressed concern with data collection. To overcome this challenge, the backup plan was to limit the focus to a specific region where the research could be carried out, buffering the political pressure (while respecting the decision of any organization not to participate). This is the region of Mount Lebanon, which hosts 60 out of the 153 registered environmental NGOs in the country. At the end, 58 environmental NGOs formed the total population targeted in this research, since the Lebanese cabinet was in the process of suspending the registration of two organizations for violation of enacted laws.

Box 1 provides a general profile of the 58 environmental NGOs targeted in this research. As elaborated in Chapter Three, the major sources of funding of the NGO sector are membership fees, foreign donors, and the Lebanese government. In general, internal resources (e.g., membership fees, sales of products) provide about 38% of total revenues, while foreign donor funding is the largest single source of revenues. This manifests NGOs' ability to secure funding without restrictions or government control.

Box 6.1: Brief Profile of the Targeted Population

Total number of environmental NGOs in Lebanon: 153; Targeted Sample: 58
 Environmental NGOs founded after 2000: 35%
 Affiliation with political parties: 5.2%; religious affiliations: 4.7%
 Satellite offices or branches: 17.2%; affiliated centers and institutes: 12%
 Organizational structure is formed of a general assembly that elects an executive committee
 NGOs with a separate board of directors or trustees: 0%
 NGOs without an executive committee: 4.7%
 Average size of executive committee: 8 members
 Appointment/No elections of executive committee: 8.8%
 Executive director is chair or member of executive committee
 Same president since establishment: 52%
 Less than two executive committees since establishment: 55.5%
 Female members serving on Executive Committee: less than 17% in 53.6% of NGOs
 NGOs with less than 56 members: 70.9%; conditional membership: 62.1% (21.9% have age as the main condition)
 Average number of paid staff: 8
 NGOs with volunteers: 82.8%; only 10 NGOs with more than 50 volunteers
 Some form of cooperation with the government: 48.4%; with other NGOs: 83.2%
 Members of network or umbrella bodies: 20.8%— joining 37 bodies in total
 Annual budget of less than \$50,000: 71%; only 2.9% manages an annual budget of more than one million
 Total numbers of donors: 32
 Application of some form of self-regulation: 70.1%
 Financial and administrative systems in place: 23%
 Publication of annual reports: 82%

Sources: Dissertation survey 2010; UNDP 2009; UNDP Survey 2005

Data Collection

The data was derived from a single-point survey administered to the whole population (58 NGOs) (Diani 2002; Marsden 1990; Varda 2011). Lebanon does not have a database on NGOs or laws that guarantee access to information. Therefore, several techniques were used for data collection:

1. A survey targeting the 58 environmental NGOs was developed and launched;

2. Information on NGOs' relationships (partners, donors, stakeholders, etc.) was directly requested from NGOs during interviews; and,
3. Desk research was conducted to collect secondary data through reviewing public documents (reports, publications, websites, etc.). These are public records that are easily accessible and available.

Data collection was based on a survey instrument that was developed in English and then translated into Arabic. A back translation was necessary to ensure accuracy. The survey was tested to ensure validity and cultural sensitivity. The survey instrument requested responses to 50 questions categorized under five headings (Appendix D):

- Organizational structure: membership, governing bodies, decision-making process, self-regulation, and perceptions of legitimacy and credibility
- Human resources: paid staff, volunteers, consultants, training, and management systems
- Programs: planning, needs assessment, and activities
- Financial resources: annual budget, sources of funding, and financial reporting and systems
- Institutional relations: partnerships and networking, relations with government agencies, and evaluation of strength and value of inter-organizational relations.

To ensure a better response rate, I approached the Ministry of Environment for support. The Minister was enthusiastic about the prospects of the research and issued a letter encouraging the local organizations to cooperate. The letter indicated that the findings of

the research could be used to enhance the Ministry's relations with environmental NGOs. The survey was administered between July 10 and September 30, 2010. Most NGOs received two versions of the survey questionnaire. The organizations were granted the right to not participate in the research. The confidentiality of the data and findings was underscored and supported by enacted legal clauses.

The participating organizations had the option to complete either a paper survey or an online survey. The paper survey was sent via the national postal service. Organizations were instructed to complete the form and then return it in a prepaid return-envelope that was included in the package they received. It was necessary to ensure that organizations did not incur any postal cost. The online survey was sent via email. Here, the organizations were also given two options: complete an electronic version of the survey and return it via email or complete it online by accessing the web link <http://www.surveymonkey.com/s/envstudy>. A special email account was created for this research.

After continuous follow up and bi-weekly reminders, 50 responses were returned. This approximates 86% of the targeted population. Three out of the eight organizations that declined to participate expressed lack of interest or trust in such research or lack of time and resources to complete the survey. Three other organizations had invalid contact information. Despite several attempts, it was impossible to reach any member of these organizations. Finally, two organizations should be considered inactive. When contacted, one NGO replied that the executive committee had been dissolved since 2007 without

any serious attempt to hold elections in a near future. The other NGO was mainly managed and supported by its founder. Since the death of the founder several years ago, members had not been involved to sustain the organization.

Of the 50 responses received, 23 responses required cleansing for missing information through direct contact with the NGO or from secondary data (publications or website). The information gathered from the desk review was at times sufficient and helped verify and complete the data. One returned questionnaire was dropped because of insufficient information despite continuous follow up with the organization. This resulted in a working dataset containing information on 49 NGOs.

The collected data covered: years of operation, size, location, number of beneficiaries, staff, and volunteers, sources and volume of funding (including membership fees), stakeholders (including donors, other NGOs, and members as one block/group), number of ongoing projects, and memberships in partnerships and networks. The data helped in the analysis of both the relational and structural properties of NGO-donor network. NGOs' partnerships, joint organizational memberships, and the funding relations with donors are network ties. For the purpose of this dissertation, funding is considered a relational property, and the position or location in the network as the structural property at the level of individual actors (Streeter and Gillespie 1992).

Variables Measurement

As noted earlier, the location and connections of an NGO (node) in a network determine the way it reacts to shifts in donor funding. Therefore, the analysis relies on the assessment and comparison of several measurements in network relations. This research aims to assess the generalized causal weight of each of the specific variables—derived from network relations—on the formation of the observed outcomes. Table 6.1 lists the dependent and explanatory variables along with the measurements.

Table 6.1: Variables and Measurements

Variable	Measurement
<i>Dependent Variable</i> NGO response	A multiple variable measured by a subjective classification based on most recent NGO response
<i>Explanatory Variable</i> Resource Dependence	Dependence on external sources measured by ratio of internal to external revenues Diversity of sources measured by number of external sources Control over resources measured by ratio of donor funding to total external funding
<i>Explanatory Variable</i> Tie strength	Closeness centrality

Dependent Variable

In determining the unit of analysis, Pfeffer (1982) considers that the “the unit of analysis should correspond to the level of the theoretical mechanism that is presumed to be affecting the dependent variables” (15). We acknowledge that organizations are embedded in networks of ties that restrict or enhance their behaviors (Granovetter 1985), and that external actors exert pressure on organizations as they control and manipulate

resources (Pfeffer and Salancik 1978). The focus here is on the decision of individual organizations vis-à-vis shifts in donor funding. Accordingly, the unit of analysis is the NGO as an organization. The dependent variable here is NGO response to shifts in donor funding.

Based on the modified typology presented in Chapter Four, NGO response as the dependent variable is defined as an ordinal variable with four categories: *exit*, *voice*, *adjustment* or *loyalty*. Scores 1, 2, 3, and 4 were assigned to these four modes of response. The cases when NGOs did not have any prior relationship with the donor were scored as 0 (7 in total). The categorization of NGO responses into one of the four categories was based on data the organizations provided in the survey. Respondents were asked to list their main projects over the 7 years during which donors shifted the focus of their funding in Lebanon. The respondents were also asked to classify the nature of each project (e.g., environment, social development, human rights, democracy).

Measuring the dependent variable required a subjective judgment guided by the information provided by NGOs and donors and the expertise of two informants. The two informants enjoy a long history working in the NGO field in Lebanon and are authorities on environmental NGOs. Bearing in mind that project implementation might overlap over calendar years, the first step was to anonymously list all the implemented projects along with the classification provided by the respondent NGOs.

An approach similar to the one used by Rusbult and colleagues (1988) to measure *exit*, *voice*, *loyalty*, and *neglect* through self-reporting on a list of items was used here. A list of items was developed to measure *exit*, *voice*, and *adjustment*. Year 2008 was taken as the basis for comparison. In that year, Lebanon was preparing for the 2009 parliamentary elections; donors were investing resources into human rights and democracy (noted in Chapter Four). The focus again is on the two donors (covered in Chapter Four) who are the primary donors of Lebanese NGOs.

Based on the qualitative data from Chapter Four, the patterns that justify exit are: divergence of interests between the NGO and the donor as funding priorities change, the NGO decision not to apply for funding, and suspension of the NGO-donor relationship. A different set of patterns is noticeable for *voice*: engagement in negotiation and dialogue on ideas and activities, a balance between NGO interest and donor priority, and sustainability of the NGO-donor relationship. The emergence of *adjustment* as a mode of NGO response is due to the following patterns: accommodation of donor interests, alteration in the nature of activities, and retention of the funding stream.

For *exit*,

NGO been receiving a grant from the donor during a particular funding cycle

Funding priorities have become different

NGO not applying for funding from the donor in the following funding cycle

For *voice*,

NGO project being environmental

NGO project satisfying NGO mission

NGO project serving the donor objectives

Relationship maintained

For *adjustment*,

NGO project not related to the environment

NGO project not fitting NGO mission

NGO project serving donor objectives

Funding sustained

The second step was to orient the two expert informants on the typology of *exit*, *voice*, *loyalty*, and *adjustment* and provide them with information on the NGOs' mission and projects and on Donors A and B's objectives. The informants were separately asked to go through the same exercise of categorizing the projects of the 49 NGOs funded by the two donors based on the list of items mentioned above. The three sets of categorization (the two informants' and the researcher's) were compared for verification.

The behavior of an NGO that used to be funded by the donor but did not apply for a grant was categorized as *exit* (1). Projects that were environmental, satisfied the NGO mission, and, at the same time, served other objectives were compared to donor objectives to verify compatibility. These were categorized as *voice* (2). Projects that were classified as non-environmental were considered to demonstrate *adjustment* as a response (3). *Exit* was the only clear-cut, neat categorization of behavior. Cases of *adjustment* were also obvious and agreed on, except in one case that was further verified through relying on secondary data (project description available on the website of the organization). Cases of *voice* were not as obvious and required additional verification, through contacting the organization or relying on published material. There was an agreement, however, that none of the reported projects is an exhibition of *loyalty* as a behavior.

To control for potential bias, a list of applicants was secured from Donor A. The purpose here is to ensure that observations made by the informants and researchers do not overstate the practice of a specific behavior, for example counting cases of NGOs

applying for funding and being rejected as a practice of exit. A similar list was not secured from Donor B. However, it should be noted that Donor B follows a fixed deadline application system, which does not give organizations the flexibility to resubmit a different grant proposal. At the end, 98 observations or decisions were categorized as *exit* (1), *voice* (2), *adjustment* (3), or no relationship. The no relationship observations were then dropped. The final n for the sample that was used in the analysis is 91.

Independent Variables

The independent variables are resource dependence and strength of ties. Resource dependence is discussed first. Resource dependence is measured by three factors which influence an organization's decision to comply with external pressure; these are: degree of dependence on external resources (magnitude), diversity of external sources (concentration), and volume of funding from a donor (discretion) (Pfeffer and Salancik 1978). The three factors separately suggest a certain degree of dependence, and were used alternately in several studies on nonprofits (Alexander 1998; Barman 2008; Delfin and Tang 2008; Froelich 1999; Guo and Acar 2005; Mosley 2011; Moulton and Eckerd 2012; Nicholson-Crotty 2009; Verbruggen et. al. 2011). To fully capture Pfeffer and Salancik's (1978) resource dependence, the three factors are used and measured as follows:

- **Criticality:** degree of dependence on external resources, reflected in the ratio of internal to external revenues. Alternatively, it is possible to calculate the percentage of internal revenue from the total annual budget. Any figure smaller than 0.5 reflects high dependence on external sources. The survey includes data

on the total budget of a particular year as well as the percentage of membership fees, sales profit, and other income-generating programs.

- Concentration: diversity of external sources, measured by the number of external sources of funding. The presence of at least more than one external source of funding indicates a relative diversity. The data collected through the survey includes the number of external sources of funding for particular years.
- Discretion: volume of funding from one particular donor. This is particularly noteworthy since the mere presence of multiple sources of funding does not reflect a real diversity. One single source could control the bulk of such funding. Discretion is assessed on the reliance on one particular source and measured by the percentage of funding from the principal external donor to total external funding. A percentage larger than 0.5 indicates critical discretion.

The internal sources of revenues for the Lebanese NGOs are membership fees and income-generating activities (sales or services). The external sources of funding are individual donations, local philanthropies or foundations, the private sector, government agencies, and international donors. Individual donations and private sector funding are considered easy money. Therefore, each source represents an aggregate. Funding from philanthropies, government, and international donors is considered hard money. The sources are listed separately and the funding is not aggregated by source. Surveyed NGOs receive funding from different government agencies and multiple international donors (international organizations, foreign embassies, foreign government agencies, etc.).

The second independent variable is tie strength. The strength of ties is measured through centrality based on Lazzarini and Zenger's (2007) definition of tie strength as "the degree of commitment that supports an exchange relationship for the transfer of goods, services, or information" (4). Centrality is defined as an individual actor's position or location in the network relative to other actors (Boje and Whetten 1981; Friedkin 1991; Wasserman and Galaskiewicz 1994). It reflects the power derived not from the attributes and characteristics of the actor but through the structure of the network the actor belongs to (Brass and Burkhardt 1993; Cook 1977; Ibarra 1993).

The literature on social network discusses several types of centrality. However, Marsden and Campbell (1984) suggested closeness centrality as a measurement of tie strength. The authors departed from Granovetter's (1973) definition of the strength of a tie as a "combination of the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services which characterize the tie" (1361). The authors considered frequency and duration as indicators of the strength, among others such as homogeneity, reciprocity, and acknowledgement. Marsden and Campbell (1984) posed the question whether these indicators are derived from researchers' intuitions while they in fact refer to one concept. The authors used multiple indicator methods to operationalize their question and concluded that closeness is the best indicator of strength, free of contamination by other indicators.

The suggestion was echoed in several studies (Baer 2010; Hansen 1999; Hurlbert, Beggs, and Haines 2001; Levin and Cross 2004; Tsai and Ghoshal 1998; Wellman and Frank

2001). This research relies on closeness centrality to measure the strength of ties. Closeness centrality reflects the ability of an actor (node) to independently access all other actors of the network (Borgatti 2005; Freeman 1979; Valente and Foreman 1998; Wasserman and Faust 1994). “A central actor can reach other actors through a minimum number of intermediary positions and is therefore dependent on fewer intermediary positions than the peripheral actors” (Brass 1984: 521). This means that as closeness centrality decreases, an actor becomes less connected to the network and more dependent on others to connect back. The benefits of closeness are direct connection, shorter transaction times, lower costs, and direct access (Freeman 1979: 225); but the risk of redundancy always exists (Granovetter 1973, 1985). Following such an approach, the closeness centrality for each NGO was generated. The following section provides additional details on this step.

DESCRIPTIVE ANALYSIS

The collected data was extracted into UCINET (Borgatti et al. 2002), an analytical software package for social network analysis. UCINET allows drawing the network of the environmental NGOs and alters (partners, donors, stakeholders) and facilitates analysis of connections. Attributes are associated to the organizations (nodes) in the mapped network. Networks are plotted according to the need and based on various attributes (Borgatti et al. 2002; Freeman 2000).

To yield better results, I first start by compiling a 1-mode ego-centric network data. The 1-mode network links a set of actors to the same set of actors. Actors are identified by

each other through certain ties. Ties of a network represent relationships between and among actors (nodes) and their interplay yields positions and roles for each node (Burt 1992, 2004; Fararo and Skvoretz 1986; Huston and Robins 1982; Marsden 1990). In addition, relations among NGOs and between them and other actors are non-confirmed links. Non-confirmed links refer to “relationships listed by an organization in the network, regardless of whether that organization was also named by the organization it identified” (Provan, Veazie, Staten, and Teufel-Shone 2005: 606). In other words, these are the symmetric and asymmetric ties between nodes. Symmetric ties result from the two organizations naming each other while asymmetric ties are generated when only one organization names the other and not vice versa. As we are studying inter-organizational relations, the ties stand for common affiliations (partnerships, joint memberships, and funding) among organizations.

Second, I relied on the ego-centric approach to network analysis to report ties among actors (alters) and each NGO in the population (ego) (Hanneman and Riddle 2005). Only the ego (NGO), the core network members, were asked to participate in the survey, and not all other actors identified by those core members (Varda 2011). This approach provides a broad but not complete picture of what is going on. Therefore, I had to shift the focus down to sub-networks, which are complete ties. The ego-centric network is formed of several sub-networks, some of which are complete networks (Stefanone, Hancock, Gay and Ingraffea 2004). In a complete network, all egos (NGOs) identified connections among each other. In other words, a complete network of the 49 NGOs could be constructed based on the ties that exist among these organizations.

Two matrices were developed. I am testing the behavior of each NGO vis-à-vis a specific donor and how its ties in the donor network shape the behavior. It is paramount then to focus on specific actors or clusters rather than others. In other words, the focus should be on the two donors (covered in Chapter Four). Each of the two matrices represents the ties among the 49 NGOs as they connect in a donor network. One matrix represents the network of ties between the 49 NGOs, their identified partners, and Donor A. The second matrix represents the network of ties between the 49 NGOs, their identified partners, and Donor B. The two matrices (and their plotted networks) are not identical or similar. The 49 NGOs are connected in different ways across the two networks. Not all of these organizations received grants from both donors. This procedure isolated the effect of the other donor (being excluded from the network) and made it possible to detect variation in the position and role of each core NGO across the two networks (Diani 2002; Scott 2000). Consequently, the centrality of each NGO will vary from one network to another (Freeman 2000; Scott 2000).

Plotting the Networks

In the first step, I plotted the ego-centric network of the 49 NGOs and the two complete networks of these organizations with Donors A and B, respectively. Freeman (2000) highlights how plotted network sociograms are “used both to develop structural insights and to communicate those insights to others” (15). The purpose of depicting the ego-centric sociogram is to provide a visual image of the broader network of the 49 NGOs. The complete networks with Donors A and B are parts of the ego-centric network and

Focusing on a specific donor, the next two figures (Figures 6.2 and 6.3) show how the 49 NGOs are connected among each other in the networks of Donor A and Donor B, respectively. The blue nodes in the two networks are the NGOs that lack ties with other actors and become isolated from the rest of the network. There are three isolates in the Donor A network and one in the Donor B network. These NGOs also do not receive funding from the donor. This means that the impact of donor funding is non-existent. Other NGOs look like they are ‘dangling’ from the sociogram (Hanneman and Riddle 2005). These are ‘pendants’ that connect to the network only by a single tie. Several pendants are connected to the network only through the funding they receive from the donor. However, few pendants are connected through another NGO. The impact of donor funding is indirect. The presence of these organizations is important, but their limited number should not divert the analysis from where most of the action is: the channeling of funding and its implications on NGO behavior.

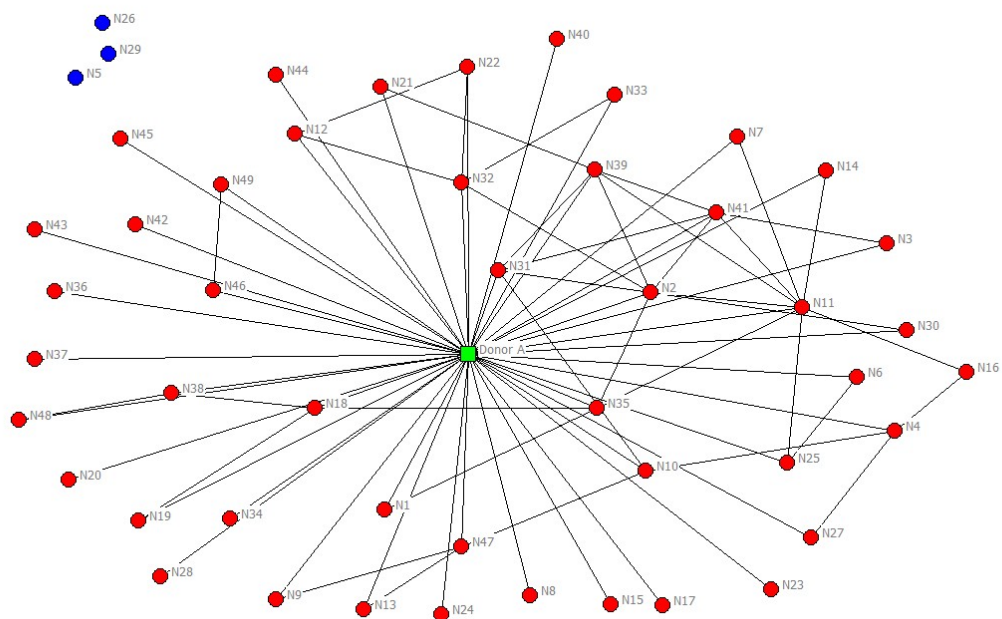


Figure 6.2: Plotted Complete Network of NGOs and Donor A

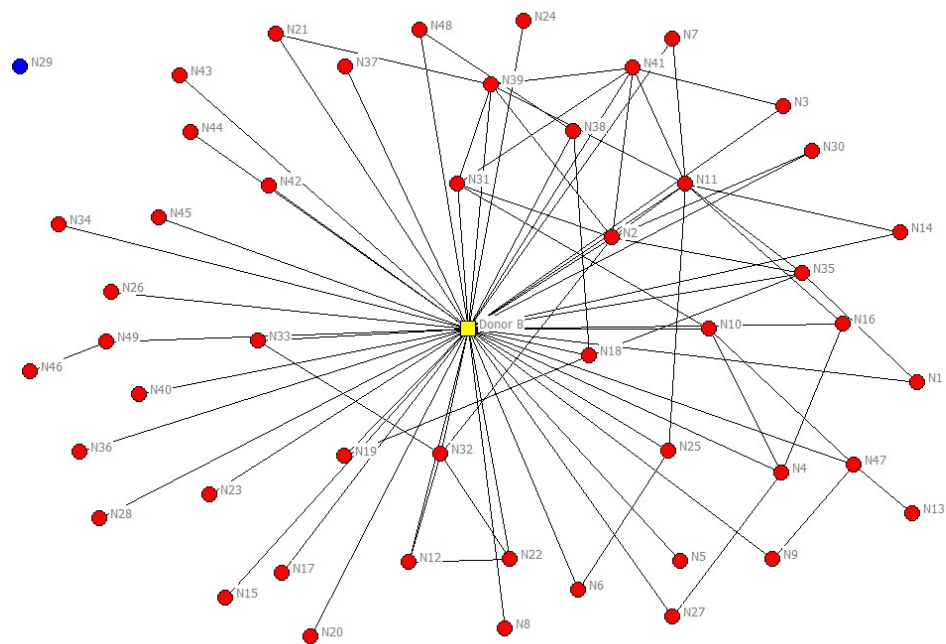


Figure 6.3: Plotted Complete Network of NGOs and Donor B

Calculating Independent/Explanatory Variables

Descriptive statistics were calculated for each independent variable listed in Table 6.1.

The mean and standard deviations for each of the independent variables are presented in Table 6.2 below. To determine resource dependence, the three measures were used.

Several studies on nonprofits used one or two measurements at a time: total internal revenues, number of external sources, and percentage of a specific external funding to the total budget (Alexander 1998; Barman 2008; Froelich 1999; Guo and Acar 2005; Mosley 2011; Nicholson-Crotty 2009; Verbruggen, Christiaens, and Milis 2011). Here, I am using all three measurements to provide more in-depth analysis.

Resource criticality is reflected in the degree of dependence on external resources. It is calculated as the percentage of internal revenue from the total annual budget. Any figure smaller than 0.5 reflects high dependence on external sources (Mosley 2011; Nicholson-Crotty 2009; Verbruggen et al. 2011). Concentration of resources signifies diversification of external sources and is measured by the number of external funding sources (Alexander 1998; Barman 2008; Froelich 1999; Guo and Acar 2005). The presence of one external source of funding indicates no diversity. Discretion stands for the ability of a specific source to control funding. This is measured by the percentage of funding from an external donor to total external funding (Delfin and Tang 2008; Mosley 2011; Nicholson-Crotty 2009; Verbruggen et. al. 2011). A value larger than 0.5 indicates critical discretion.

To determine tie strength, closeness centrality was measured (Marsden and Campbell 1984). Centrality is defined as an individual actor's position or location in the network relative to other actors (Boje and Whetten 1981; Brass 1984; Friedkin 1991; Wasserman and Galaskiewicz 1994). Unlike resource dependence, which is a fixed organizational characteristic regardless of network ties and positions, closeness centrality is a structural property that varies from one network to another (Streeter and Gillespie 1992). Therefore, it is necessary to calculate the centrality of the 49 NGOs using data of the Donor A network and then of the Donor B network. The two sets of centrality measurement were stacked into the complete dataset.

Table 6.2: Means and Standard Deviations of Variables

Variable	Mean	Standard Deviation
<i>Resource Dependence</i>		
<i>Criticality</i>	.22	.16
<i>Concentration</i>	4.39	3.00
<i>Discretion</i>	.54	.25
<i>Tie strength</i>	5.35	3.984

The probability-probability plot (P-P plot) was performed (Field 2009; Griffiths, Hill, and Judge 1993; Michael 1983). As the four graphs in Figure 6.4 indicate, the variables of discretion and closeness centrality are slightly skewed. However, log transformation to normalize the variables was not performed for this study.

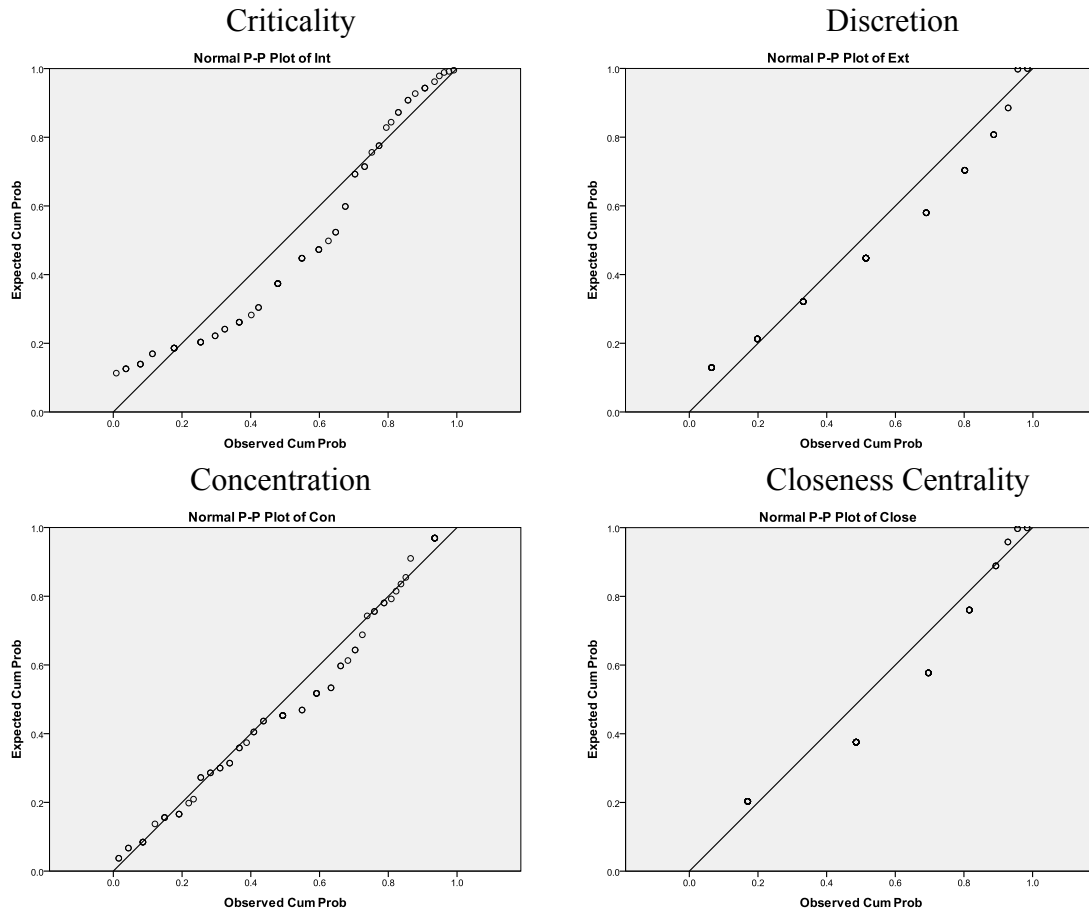


Figure 6.4: Probability-Probability Plots

The descriptive analysis sets the stage for the modeling analysis and theory testing that the next chapter covers. Before proceeding, it is crucial to address limitations and ethical considerations.

ETHICAL CONSIDERATION AND POTENTIAL LIMITATIONS

Ethical considerations and other matters of protection of human subjects are imposed and governed by the Institutional Review Board (IRB) review process at Syracuse University. Accordingly, participation in the research through the completion of the survey was voluntary. Organizations were reminded throughout the process that their participation

was encouraged and preferred but not mandatory. The letter issued by the Minister of Environment did not allude to any repercussion if an NGO declined.

In addition, to maintain confidentiality and trust, I assumed the responsibility to generate and report the data and at the same time protect the authenticity of information and confidentiality of organizations, in accordance to IRB guidelines and the applicable laws in Lebanon (clauses of the laws were included in the survey for further assurance).

Organizations were randomly assigned numbers and the data was saved on the researcher's work computer, which is password protected. Access to the data is restricted. No reference to specific organization or any other identifying information was made. All information and data were strictly used to produce general statistical results, tables, and figures.

On another point, the research recognizes several limitations. The main limitation relates to measurement of the dependent variable. NGOs' responses, the dependent variable, were measured through subjective judgment based on data provided by the NGOs and donors. To control for researcher's bias, two informants were involved in assessing the 98 decisions of the NGOs. Another risk was that a particular behavior might have been overstated. This could be due to the focus on the visible outcome: the final result that might have resulted from a donor reaction and not an NGO's original decision. To mediate this risk and improve the measures for the quantitative data, additional data was collected. A list of applications received by Donor A was secured. The observations made by the informants and the researcher were verified by comparing them to the names

of applicant organizations. However, the setback is that Donor B did not provide a similar list.

Second, the sample size could constitute a limitation. There were 98 observations in total and 7 were dropped out of the analysis due to no existing relationship with any of the two donors. Tied to this is the absence of any observation pertaining to the mode of *loyalty*. The informants who worked on categorizing the 98 decisions of the NGOs could not classify any case as that of *loyalty*. This is a weakness that should be addressed in future research, especially if using simulation exercises.

Third, identifying the boundary of the network could always be challenged. Regardless of the strategy used to set a network boundary (Diani 2002; Knoke and Kuklinski 1982), the difficulty to identify all actors and ties constituting a network always exists (Rowley 1997). The snowball technique would be a useful approach to address this challenge (e.g., Scott 2000; Wasserman and Faust 1994). However, the risk here is that the network will divert from the specific focus of this research, i.e., environmental NGOs. The other aspect of this limitation is imposing a boundary on the 49 NGOs to construct a connected network among them and then to test the hypotheses. The risk here is the connected network will be isolated from a broader network (the donor's, for example), which underplays other possible effects.

CONCLUSION

With the proposed methodological approach, I have set the stage for testing hypotheses derived from the integrated theory of resource dependence theory (Pfeffer and Salancik 1978) and the theory of weak ties (Granovetter 1973, 1983). The theory should predict behavior based on reliance on external funding and network ties, and, therefore, verify responses to shifts in donor funding as captured in the modified typology of *exit*, *voice*, *loyalty*, and *adjustment*, elaborated in Chapter Four.

CHAPTER SEVEN: ANALYSIS AND THEORY TESTING

INTRODUCTION

This chapter concludes the discussion on the second research question: ‘Why do NGOs react differently to shifts in donor funding?’ The purpose here is to test the integrated theory by supporting it with statistically significant evidence based on observations of the responses of 49 NGOs to shifts in funding of two donors. The chapter begins by reiterating the propositions put forward in Chapter Five. Second, the statistical model used to test the hypotheses is presented. Third, the results are then analyzed to strengthen the argument for the integrated theory. The chapter concludes with a discussion of alternative explanations of NGO response to shifts in donor funding.

PROPOSITIONS AND TESTABLE HYPOTHESES

A theory that integrates resource dependence theory (Pfeffer and Salancik 1978) and the theory of weak ties (Granovetter 1973, 1983) should predict NGO responses to shifting demands. The theory should verify the four responses to shifts in donor funding (*exit*, *voice*, *loyalty*, and *adjustment*), based on NGOs’ reliance on external funding and ties they build within a network.

Four propositions were put forward. The likelihood of an organization adopting *exit* as a response to shifts in donor funding is higher with lower resource dependence and weaker network ties (proposition 1). The likelihood of an organization practicing *voice* is higher with lower resource dependence and stronger ties (proposition 2). The likelihood of an organization practicing *adjustment* is higher with higher resource dependence and weaker

network ties (proposition 3). Lastly, the likelihood of an organization adopting *loyalty* as a response to shifts in donor funding is higher with higher resource dependence and stronger ties (proposition 4).

This means that an NGO that generates more internal revenues than external resources, has a diversified pool of external sources, and does not rely on one donor is more likely to practice *exit* if the organization has weak ties in the donor network. If these ties are strong, then the NGO is more likely to practice *voice*. On the other hand, an NGO with a high percentage of financial resources secured externally from one particular donor is more likely to practice *adjustment* if the organization has weak ties in the donor network. If these ties are strong, then the NGO is more likely to practice *loyalty*.

As explained, *loyalty* classifies behaviors of NGOs that (in most cases) are established by donors. Based on qualitative research, there is a small possibility of the recurrence of such a behavior among a limited sample such as the Lebanese environmental NGOs. Therefore, the proposition on *loyalty* was not tested. Propositions 1 through 3 were translated into testable hypotheses using network analysis. These hypotheses are:

H1: The lower the resource dependence and weaker the ties, the higher the likelihood of practicing exit.

H2: The lower the resource dependence and stronger the ties, the higher the likelihood of practicing voice.

H3: The higher the resource dependence and weaker the ties, the higher the likelihood of practicing adjustment.

RESULTS

A series of steps was taken to test the hypotheses. As reported in the previous chapter, I first started by plotting network sociograms. Second, I generated values of the independent variables. Table 7.1 lists the relevant independent variables and the measures employed. Data for the first three measures were directly gathered from the survey questionnaire the 49 NGOs completed or from secondary sources such as desk research when needed. The data for tie strength was based on relationships identified by these organizations in the questionnaire. Closeness centrality was computed using UCINET.

Table 7.1: Description of Independent Variables

Variable	Description
<i>Resource Dependence</i>	
<i>Criticality-</i> <i>dependence on external resources</i>	Percentage of internal revenue from the total annual budget: from 0 (no internal revenues-high dependence) to 1 (no external revenues-low dependence)
<i>Concentration-</i> <i>diversity of external sources</i>	A continuous variable- Number of external sources: 1 (no diversity) or more (some diversity)
<i>Discretion-</i> <i>a donor control over resources</i>	Percentage of donor funding from total external funding: from 0 (no control) to 1 (total control)
<i>Tie strength</i>	Closeness centrality- the reciprocal of the sum of length of ties in a network

The purpose here was to predict NGO response of *exit*, *voice*, and *adjustment* based on the level of response dependence and the strength of ties in a donor network. To test the hypotheses, I performed multinomial logistic regression analysis. This analysis is used to predict the probabilities of the different possible outcomes of a categorically-distributed

dependent variable, given a set of independent variables (Greene 2003; Hosmer and Lemeshow 2000; Long 1997; Peng, Lee, and Ingersoll 2002). The analysis is suitable here because the dependent variable (response) is nominal or categorical, consisting of more than two categories (*exit*, *voice*, and *adjustment*) that cannot be ordered in any meaningful way.

I used the Statistical Package for the Social Sciences (SPSS) to run a multinomial regression analysis using the 91 observations (Field 2009; Pallant 2007). Table 7.2 reports the frequency and percentile distribution of the 91 observations or modes of response.

Table 7.2: Frequency Distribution of Responses

Response	Frequency	Percentage
Exit	29	31.87
Voice	24	26.37
Adjustment	38	41.76
Total	91	100

This model assumes NGOs are faced with a decision with more than two choices (*exit*, *voice*, and *adjustment*). The results are k-1 sets of parameter estimates for each term in the model, where k is the number of decision outcomes; here, k=3. Like the logistic model, the dependent variables are conceptualized as probabilities of selecting specific outcomes conditional on values for the independent variables or predictors (resource criticality, concentration, and discretion and closeness centrality). In addition, since the

observations are derived from NGOs' decisions vis-à-vis two donors (Donor A and Donor B), a binary independent variable for 'donor' was included in the model as dummy variable.

One of the three decision outcomes is arbitrarily selected as a referent category. In this instance, SPSS selected *exit* as the referent category. Each set of parameters is associated with a specific outcome relative to the base outcome: $\text{Prob}(\text{Exit})/\text{Prob}(\text{Voice})$ and $\text{Prob}(\text{Exit})/\text{Prob}(\text{Adjustment})$. The analysis predicts the probability of occurrence of *voice* and *adjustment* outcomes relative to *exit* outcomes, based on each of the independent variables, while holding others constant. The standard interpretation here is "that for a unit change in the predictor variable, the logit of outcome *m* relative to the referent group is expected to change by its respective parameter estimate (which is in log-odds units) given the variables in the model are held constant" (UCLA). The results reported in Table 7.3 include the coefficient, the standard errors, along with the odd ratios for the predictors, which will be used in the analysis. The difficulty here is in interpreting the parameters because we are not talking about the likelihood of adopting a certain response based on a set of variables. Rather, the odd ratio reflects how changes in the predictor increase or decrease the likelihood or probability ratio of the outcome falling in the comparison category in contrast to falling in the referent category (Allison 1999; Pampel 2000).

Table 7.3: Test of Response Model

	Intercept	Criticality	Concentration	Discretion	Closeness Centrality				
<i>Voice</i>	21.697** (12.251)	-.685 (.611)	.504	-.772 (.728)	.462	.427* (.031)	1.521	.846*** (.806)	2.330
<i>Adjustment</i>	22.677** (4.344)	1.411*** (0.833)	4.100	.302** (.201)	1.352	-1.909* (.669)	.148	-.222 (.114)	.801
Chi-square 88.837									
Cox and Snell R^2 .71									

Note: The reference category is Exit. The coefficients and standard errors (shown in parentheses) are reported in the left-hand column under each variable. The odd ratios are reported in the right-hand side column.

* $p < .1$; ** $p < .05$; *** $p < .01$

Resource Criticality. With the other variables in the model held constant, an increase of resource criticality by one unit decreases the odds for choosing *voice* over *exit* by a factor of .504. The odds of preferring *adjustment* to *exit* would be expected to increase by a factor of 4.100. Resource criticality is measured as the percentage of internal revenues from total revenues. An increase in resource criticality means a decrease in the percentage of internal revenues. This means we can say as an NGO's internal revenues decrease, we would expect the organization to be more likely to prefer *exit* to *voice* or *adjustment* to *exit* as a response. However, the results are significant only in the preference of *adjustment* to *exit*.

Resource Concentration. Given the other variables in the model are held constant, a one-unit increase in resource concentration decreases the odds of preferring a *voice* response to an *exit* response by .462. On the other hand, the odds of choosing *adjustment* over *exit* as a response would be 1.352 times more likely. Resource concentration is measured by the number of external sources of funding an NGO has. An increase in resource concentration reflects fewer sources. Some of the results here are significant. If an NGO

decreases the number of its external sources of funding, the organization is more likely to choose *adjustment* over *exit* as a response. However, the results are not significant enough to make the claim that the organization is more likely to choose *exit* over *voice*.

Resource Discretion. Given that the other variables in the model are held constant, a one-unit increase in resource discretion score means that the odds of practicing *voice* would be 1.521 times more likely than practicing *exit*. Under the same condition, the relative risk for preferring *adjustment* to *exit* would be expected to decrease by a factor of .148. We know that resource discretion is measured as a percentage of the main donor funding from total external funding. The higher the percentage, the higher the discretion practiced by that donor and the higher the NGO reliance on the donor. The results are marginally significant. However, in general, we can say that an NGO is more likely to choose *voice* over *exit* or *exit* over *adjustment* as a response when it relies more on one specific external source of funding.

Closeness Centrality. Given that the other variables in the model are held constant, an increase of closeness centrality by one unit substantially increases the likelihood of preferring *voice* over *exit* as a response by a factor of 2.330. The same increase does not have the same significant effect when practicing *adjustment*, which is .801 times less likely than practicing *exit*. Closeness centrality reflects the strength of ties an NGO has; strong ties yield a higher centrality score while weak ties results in a lower score. We can say that if two organizations have identical resource criticality, discretion, and concentration levels, an organization with the higher centrality score is more likely to

prefer *voice* to *exit* (as well as *exit* to *adjustment*) as a response than an organization with the lower centrality score.

Therefore, if responses to shifts in donor funding are ordered as follows:

Voice
Exit
Adjustment

then, other things being held constant, being less dependent on external resources makes it more likely for an NGO to choose the response relative to the next lower response on the list. The same applies when an NGO has more external sources of funding, is more reliant on a single actor for the bulk of its external resources, and enjoys more strong than weak ties in a donor network.

Consistent with predictions of the integrated theory, the results indicate that the variation in three variables of resource dependence does not have a significant effect on the choice between *exit* and *voice* as a response, compared with substantial effect the strength of ties, reflected in closeness centrality, has. One variable of resource dependence that shows marginal significant effect on the choice between *voice* and *exit* is resource discretion—the control over resources by a single actor. This finding does not come as a surprise. A substantial volume of funding resembles a commitment from the donor to work with a certain NGO. This would drive the organization to invest in its managerial capacity in order to administer the funding (Carothers and Ottaway 2000; Mawdsley et al. 2002; Wallace et al. 2006). It becomes too hard for either side to suspend the relationship. The cost of *exit* here is much higher than the cost of *voice* (Hirschman 1970).

Comparing *exit* and *adjustment*, the results indicate that the ties an NGO has in a donor network are not as prominent as its dependence on donor funding in preferring *adjustment* over *exit*. Relatively speaking, as the centrality score drops down, the NGO prefers to adjust its activities to accommodate donor demands rather than to suspend (*exit*) the relationship. This is somehow expected, but should be the focus of further exploration. The behavior of an organization is influenced by its weak ties, especially through accessing unconsumed opportunities for resources (novel information, new sources, etc.) (Granovetter 1973). However, the organization needs to have enough strong ties to be able to utilize these opportunities, play a more active role in connecting groups, and control information for its benefit. An organization with weaker ties (and a lower centrality score) might actually be ‘dangling’ from the network (Hanneman and Riddle 2005) and is not in an adequate position to do so.

The likelihood to practice *adjustment* compared to *exit* significantly depends on resource criticality and concentration. NGOs with weaker ties are more likely to practice *adjustment* and not *exit* if resource dependence is higher. Increased reliance on external resources increases the likelihood of practicing *adjustment* over *exit* upon dissatisfaction with a donor. The same is the case with fewer external sources of funding. The findings here corroborate arguments made for diversification as a powerful strategy to buffer demands and augment organizational autonomy (Cho and Gillespie 2006; Dunn 2008; Oliver 1990; Pfeffer and Salancik 1978). The variable that surprisingly challenges the proposition is resource discretion. However, this result is only marginally significant and could be related to a weakness in the measurement. Two NGOs whose external resources

are controlled by a single actor might substantially differ if one of them mainly depends on internal revenues. In such a case, the effect of resource discretion is minute. Resource discretion should not be analyzed in isolation from the other factors of resource dependence, especially resource criticality.

DATA ANALYSIS

In this chapter, I am testing several hypotheses that predict NGO responses to shifts in donor funding. Focusing on the relational content and context of these NGOs (Rowley 1997), I analyzed the relational and structural properties (Streeter and Gillespie 1992) to these organizations. The results lend good support for the predictions of the integrated theory proposed in Chapter 5.

The results exhibited a higher tendency to engage in *voice* as a function of centrality. In other words, the more central an NGO is in a donor network (i.e. connected through strong ties), the more likely it will practice *voice* than *exit*, if resource dependence is low. This line of reasoning is intuitively compelling. Several studies (Dowding et al. 2000; Gehlbach 2006; Hirschman 1970; Nooteboom 1999) condition the practice of *voice*, as a mode of reaction, on adequate communication structures, a certain degree of trust and openness, and a strong bargaining power. The findings discussed in Chapter 4 highlighted these requirements for an increased practice of *voice* among the four studied NGOs.

We know that centrality is a network concept, derived from the location of an organization in a network and the ties it constructs to other actors. Not only do network

ties promise enhanced access to sources of funding, but also, as Oliver (1990) explains, ties developed through inter-organizational relationships develop the bargaining position of the organization relative to the environment (Oliver 1990). On one hand, the network literature talks about trust as a product of dense networks where ties are strong and everyone is connected. Organizations are embedded in networks of relations (Granovetter 1985). Relationships are built and developed over time through exchange and interactions, to become confirmed. Ties evolve as strong and mature into a dense network. Trust becomes more reinforced and reciprocal; in a dense network where interaction occurs more frequently, exchanges become more extended (Carolan and Natriello 2005; Granovetter 1983; Paarlberg and Varda 2009; Provan et al. 2005). Common culture and practices start to formulate (Stiles 2002). Here, leaders of the organization find themselves exposed and attracted to the culture. Decisions they take are not necessarily in response to external pressure but rather are proactive steps to ensure legitimacy and to sustain association with other actors. That is why there is an incentive to make compromises (Carolan and Natriello 2005; Nelson 1989) and *voice* is an obvious symptom of compromise. Therefore, a dense network of strong ties satisfies two requisites to practice *voice*: adequate communication and solid trust.

On another hand, connections are considered as a symbolic non-material advantage used to balance asymmetric relations with donors (Ebrahim 2005a). In their study of a United Way organization and 46 of its member agencies, Provan, Beyer, and Kruytbosch (1980) concluded, “other linkages between an organization and its environment may modify its dependency on a resource supplier like United Way. These elements need not themselves

be direct suppliers of scarce resources to the organization in order to affect its relations with a resource supplier” (219). The authors differentiate between different types of power that an organization faces and needs to deal with. Resource control, acquisition, and reliance contribute to the so-called perceived and enacted power of an organization. The former is related to the perception of other actors, while the latter is determined by the ability of the organization to verbalize and practice its power. Provan and his colleagues (1980) argued that organizations also have potential power, which should be predicted through links with the communities in which they are operating. In assessing the ability of the organization to interact with and resist the demands of its resource supplier, it is necessary to calculate the potential power the organization possesses, particularly those linkages in the environment on which the resource supplier also depends. Therefore, since *voice* requires bargaining power, network ties garnish organizations with potential power that can be used in negotiating with a donor.

Nevertheless, expectations of the potential power should be realistic. Not all organizations that are connected in network possess such a power and those who do may choose not to use it. Organizations need to consider the importance of the issue at stake, the consequences on future interactions, the difficulty to mobilize tangible resources to exert power, and the cost of exerting it (Provan et al. 1980). These factors can confirm the distinction between cases when *voice* or *loyalty* is practiced among organizations of potential power in a donor network.

More significant is the diversity of external sources. RDT argues that an organization can manipulate its environment pending the availability of other sources (Cho and Gillespie 2006; Pfeffer and Salancik 1978). I departed from the assumption that NGOs with more diverse external sources of funding are likely to use *exit* and *voice*. Diversification increases the organizational power, which smoothens the sharpness of the asymmetry that characterizes the NGO's relationship with a single external donor (Oliver 1990). An NGO with diverse external sources of funding is in a position to avoid donor demands. For example, if an NGO is requested by one donor to meet new funding conditions, the organization can resist the pressure by exiting the relationship and relying on other available sources that are more lenient on funding requirements. An NGO can also possibly play off the interests of other donors against this requirement in order to avoid compliance.

Revenue diversification has been viewed positively to manage dependence (Oliver 1990; Pfeffer and Salancik 1978). However, with the availability of multiple funding, the operational costs and efforts of the NGO increase. There is a need to recruit and train personnel to deal with more funding criteria, more confusion in meeting requirements, more complexity in evaluation of performance and effectiveness. The NGO then becomes so concerned with retaining the personnel that it becomes hard to resist donor interest (Froelich 1999; Henderson 2002; Ishkanian 2006; Petras and Veltmeyer 2001; Tuckman 1998). Diversification is a double-edged sword, since it reduces concentrated dependence—but only by creating more interdependencies that NGOs struggle with and need to negotiate (Borman 2010; Ebrahim 2005a, 2005b; Oliver 1991; Saidel 2000). That

is why the results reveal a moderate likelihood of preferring *voice* to *exit* with an increase in diversified sources, reflecting a commitment to a relationship and interest to negotiate its sustainability.

Therefore, we need to carefully scrutinize diversified external sources of funding. Froelich (1998) distinguishes between private contributions, government funding, and commercial activities, and shows how each has different implications on financial dependency. Private funding is highly volatile compared to others and will generate strong effects towards goal displacement. If diversification leads the organization to secure funding from only international donors, then it will more probably be associated with negative effects in the long run. International aid is a highly fluctuating market (Bryant and Kappaz 2005; Malhotra 2000). If diversification allows the NGO to secure easy funding, which requires limited managerial structure, monitoring, and reporting (UNDP 2009), then we should continue to expect NGOs to practice *exit*.

Some of the results were surprising, albeit having weak or marginal significance. I expected NGOs that rely on external sources of funding more than on internal revenues to exhibit *exit* more than *voice*. I also expected an NGO that allows an external actor to control the bulk of its external revenues to more likely practice *adjustment* than *exit* or *voice*. Since NGOs deal with volatile needs and demands and face instability in the flow of internal revenues (many NGOs' services are free of charge and some NGOs are unable not collect their membership fees), they rely more on external donors. The lesser the reliance on external resources, the greater the ability to resist or buffer pressure. The

greater the reliance on a specific donor, the lesser the ability to buffer pressure. However, controlling for the combined effect of all factors, the results indicate that the criticality of external resources has a minute effect on preferring *exit* to *voice*. The discretion over resources has a reverse effect on preferring *adjustment* to *exit*.

The results echo some challenges. The first challenge is how to measure resource dependence. Does one single factor, resource discretion for example, suffice to capture the level of dependence? We find mixed results and notice that resource dependence is not uniformly measured across different studies. For example, Guo and Acar (2005) counted the number of external sources in their research on motivations behind collaboration among nonprofits. Delfin and Tang (2008) measured dependence based on nonprofits' annual budget sourced from foundations as a whole, while Mosley (2011) calculated the percentage of the annual budget coming from a specific entity (government agency). In this dissertation, I tried to rely on the three factors together to have a better understanding of what is happening in the NGOs' external resource environment.

The other challenge is how we understand or define what a resource is. I think we need to look more broadly into the concept of resources. We should take into consideration both the economic material resources (funding) and the symbolic non-material resources (information) that Ebrahim (2005) and Saidel (2000) accentuated in relations NGOs have with donors and government. In the three theories this dissertation relies on, information is central. In Hirschman's (1970) individual self-interest theory, availability and access to information are used as factors that influence the choice of mode between *exit* and *voice*

(Dowding et al. 2000; Gehlbach 2006; Matland 1995; Nooteboom 1999). In Pfeffer and Salancik's (1978) resource dependence theory, information could be used to buffer external demands. To illustrate, the broken feedback loop between aid providers (taxpayers) and receivers (beneficiaries) allows the intermediary channels (implementing organizations and grant-making agencies) to be selective in the disclosure, censorship, and manipulation of some information. The purpose here is to magnify achievements and exaggerate results and successes to ensure continuous flow of support and funding (Ebrahim 2005b; Svensson 2008). The theory of weak ties (Granovetter 1973, 1983) focuses on information as a resource that is either redundant and filtered as it is circulated among all actors in a dense network, or noble and new to some actors that have weak ties in an open network. Information is expected to be less germane to an organization in the former situation and more productive in the latter.

Therefore, we might need to count information as a resource as we verify NGO responses to shifts in donor funding. This should be done at two fronts: information as an external resource the NGO receives and information as an internal input that the NGO possesses. By doing so, we will be including all alternative resources that would then place further restrictions on or provide additional opportunities for organizations. We should also include all assets that increase the input an organization uses in the production of outputs. The inclusion of information on the two sides of the equation has an effect on the level of resource dependence. Although the availability of information might yield favorable results for the NGOs, there are three interrelated issues to ponder. The first issue is how to measure information as a resource (the information available to the organization or that

provided by the organization). The second issue is how to assess the quality of the information. Poor-quality information might have reverse effects; it asserts further asymmetries in relations and increases resource dependence. The third issue is how organizations process information internally. Availability of good-quality information is not automatically translated into a ready-to-use resource. Therefore, the focus should also shift into organizational capacity, which by itself could explain NGO response, particularly the exercise of *voice* (Dowding et al. 2000; Hirschman 1970; Light et al 2003; Matland 1995; Nooteboom 1999).

One final point to bear in mind is that the interaction of resource dependence and tie strength shapes NGO-donor relationships in two ways. First, as I have argued, the relative importance of each of these factors to the organization, and especially their salience at the time when an NGO needs to make a decision vis-à-vis shifts in donor funding, will influence NGO response. For example, when an NGO is not highly dependent on external sources, but connected through strong ties in a donor network, it is more likely to practice *voice*. Second, the mode of response an NGO adopts may reinforce or alter the configuration and salience of these factors, and consequently the NGO's choice of response might recur or be modified. For example, the practice of *voice* might strengthen the NGO's relationship with a specific donor and hence increase its reliance on funding from that donor at the expense of other sources. Such a scenario leads to less diversified sources of funding and pushes the NGO into the high resource dependence category.

The impact of resource provider on the performance and practices of nonprofits has been

confirmed in extant research (Borman 2010; Ebaugh et al. 2005; Delfin and Tang 2008; Hughes and Luksetich 2004; Powell and Minkoff 2006; Stine 1996; Stone and Brush 1996; Stone, Hager and Griffin 2001). However, several studies (Alexander 1996; Edelman 1992; Grønbjerg 1993; Tschirhart 1996) nod to the fact that nonprofits are proactive in managing their institutional and resource environments. These organizations are equipped with social missions, viable information, and strong connections to stakeholders (Ebrahim 2005b; Hansmann 1980; Sidel 2000).

ALTERNATIVE EXPLANATIONS

The dissertation takes into consideration that there are several underlying reasons or existing conditions that might shape organizational behaviors. I am not claiming here that the integrated theory I proposed is the only explanation for how NGOs respond to shifts in donor funding. However, the results discussed above show a satisfactory level of confidence in predicting behavior based on the organizational characteristic of level of resource dependence and a structural or relational context of strength of network ties. In this final section, I consider alternative explanations. The Principal-Agent Theory (Eisenhardt 1989; Moe 1984; Shapiro 2005) and the neo-institutional theory (DiMaggio and Powell 1983; Meyer and Rowan 1977) could challenge the theoretical argument presented in this dissertation. Other conceptual frameworks, including Oliver's (1991) will also be discussed.

Principal-Agent Theory

Inter-organizational relations become complicated when the issues of heterogeneity of participants, conflict of interests, and asymmetry or gap of information are raised. This is particularly why Principal-Agent Theory (Eisenhardt 1989; Jensen and Meckling 1976; Moe 1984; Shapiro 2005) is used to interpret alterations in and implications of the relationship between donors and recipient organizations (Ashman 2001; Ebrahim 2003b; Miller-Millesen 2003; Olson 2000; Van Puyvelde, Caers, Du Bois, and Jegers 2012).

The main premise of the Principal-Agent Theory is that an actor (principal) considers entering in into a relationship with another actor (agent), expecting that the agent will carry out its agendas and produce the desired outcomes (Eisenhardt 1989; Moe 1984). A donor (principal) is driven by the interest to benefit from the expertise of local organizations to meet both the societal needs and the strategic objectives that have been identified for recipient communities. The donor then attempts to have the local NGOs (agents) implement the donor agenda and perform the work.

The relationship is a contractual agreement that outlines expectations, incentives, and forms of control. The goal is to minimize the agency costs incurred by the principal in establishing, maintaining, and sustaining the relationship (Jensen and Meckling 1976; Shapiro 2005). The decisive factor is that the principal does not know and cannot ultimately trust what an agent is doing. An agent might engage in opportunistic behavior (Barney and Hesterly 1996; Shapiro 2005) “If both parties to the relationships are utility maximizers, there is a good reason to believe that the agent will not always act in the best

interests of the principal” (Jensen and Meckling 1976: 5). Here, utility maximizing should not be mistaken for or limited to profit-making or personal benefit. Utility maximizing can encompass the broader interest or goals any of the two actors (principal and agent) is trying to achieve.

In order to limit the agent’s opportunity to self-serve, the principal could use either a behavior-based or outcome-based contract. The former is contingent on the performance and actions of the agents that should satisfy the principal and the latter is based on realized outcomes that should be compatible with the principal’s goals (Bergen, Dutta and Walker 1992; Eisenhardt 1985, 1989). The choice of the contract depends on several factors, including the nature and importance of the work, availability of information, and length of relationship. In donor-NGO relationships, the two types of agreements are used. The first type of grant agreement specifies activities an NGO needs to implement. The organization is then evaluated according to its performance. The second type of grant agreement lists the expected outcomes or deliverables. An NGO works towards these results in order to meet donor threshold (Bogart 1995; Ebrahim 2003a).

Two propositions are derived from the Principal-Agent theory. The first proposition is: When the contract between the principal and agent is outcome based, the agent is more likely to behave in the interests of the principal. The second proposition is: when the principal has information to verify agent behavior, the agent is more likely to behave in the interest of the principal (Bergen et al. 1992; Eisenhardt 1985, 1989). These

propositions could be germane in explaining NGO behavior upon incongruence between its interest and donor agenda.

To elaborate, *exit* and *voice*, on one side, reflect situations when the NGO (agent) is a utility maximizer and interested in pursuing self-serving activities that do not align with the interests of the donor (principal). We can deduce that *exit* and *voice* are more common when the donor-NGO relation is governed by behavior-based agreements. These agreements focus on the general performance of the NGOs. They grant the NGO more flexibility in work and reduce the agency cost on the donor. On the other side, *loyalty* and *adjustment* occur when an NGO (agent) continues to satisfy the goal of the donor (principal). We can deduce that *loyalty* and *adjustment* are more common when the relationship is managed by outcome-based agreements. These agreements measure performance through quantifiable deliverables. The donor is more concerned with the agreed-on outcomes and much less with the general impact and the performance of the NGO (Lindenberg and Bryant 2001; Markowitz and Tice 2002). In this case, the NGO becomes outcome oriented: conducting economic activities and not mission-driven programs. The attention is shifted to what the NGO can produce more of, focusing on short-term activities that satisfy a donor, not necessarily on broader impact or vision. Such a behavior unfolds into “inefficiencies, downgraded quality, misuse of resources, and goal displacement” (Enjolras 2009: 774).

What might differentiate the two modes on each of the two sides is the degree of information available to the donor. In the case of *loyalty*, the donor possesses enough

information to control and restrict the behavior of the NGO. The organization does not have any flexibility but to comply with shifts in donor funding. In the case of *exit*, the donor does not have sufficient information to predict the decision of the NGO and deter it from suspending the relationship. In practicing *voice*, the donor uses the available information while communicating with the NGO to find common grounds and balanced interests. Finally, an NGO that practices *adjustment* might benefit from the limited information the donor has to fulfill its opportunistic self-interest by modifying its activities, although these activities do satisfy donor objectives.

However, the Principal-Agent Theory contains some limitations. One limitation is the congruence of interests. The case of *adjustment* is demonstrative. At the surface, the NGO is behaving in the interest of the donor by altering its activities to fit the donor objectives. However, as explained in Chapter 4, the NGO is practicing *adjustment* in pursuit of self-benefit and not necessarily to satisfy the donor as a principal. This is an illusion of congruence that might not be recognized. In addition, the complexity of the situation that Ebrahim (2003b) draws attention to results from the impact of political processes on the donor (as a principal). A donor might deemphasize certain objectives and conditions associated with its funding to serve a political agenda. For example, some donors in Lebanon pay less attention to certain agency cost in order to support the platform of a political ally. Finally, we need not forget that NGOs are involved in multiple principal-agent relations; “while business organizations are accountable primarily to shareholders, nonprofits are expected to respond to the interests of their donors, boards, clients, and contracting agencies” (Ebrahim 2003b: 198). These

organizations simultaneously function as both principals and agents, which has direct implications on their general behavior.

The Neo-Institutional Theory

The Neo-Institutional theory (DiMaggio and Powell 1983; Meyer and Rowan 1977) argues that rational actors within an organization aim to seek approval from their surrounding environment. “The operation of social influence processes, such as imitation or [conformity...], might mitigate or limit autonomous decision-making and consequently determine the response to demands” (Tolbert and Zucker 1999: 173-4). Therefore, organizations are vulnerable to social influences and will then respond to uncertainty by conforming with and increasingly becoming similar to their institutional environment (Astley and Van de Ven 1983; Oliver 1997).

Conformity is processed through isomorphism, which is either coercive due to stronger external pressures and concern with legitimacy, mimetic resulting from replication of innovations and best practices, or normative associated with professionalization (DiMaggio and Powell 1983; Guler, Guillen, and MacPherson 2002). Isomorphism favors institutional rules that are legitimated externally. These rules function as myths that organizations incorporate into their structure and behavior aiming at enhancing survival prospects, ensuring stability, gaining legitimacy, and securing resources. Further, the more an organization’s structure is derived from institutionalized myths, the more it maintains and displays confidence, satisfaction, and good faith, both internally and

externally. Consequently, the organization's subjection to internal or external inspections and evaluations is relaxed (Meyer and Rowan 1977).

Based on this perspective, external demands on an NGO are moderated since the NGO is no longer a market of interests and powers as Pfeffer and Salancik (1978) argued. NGO's behaviors are spurred by the interest to be socially fit or acceptable. Organizations would comply with institutional pressures pending "why these pressures are being exerted, who is exerting them, what these pressures are, how or by what means they are exerted, and where they occur" (Oliver 1991: 159). NGOs might not respond to external demands in the same way. Responses are contingent on how NGOs perceive and assess consequences of noncompliance and benefits of compliance. However, we should expect dense inter-organizational relations to intensify the isomorphism process. Behaviors become similar as connected organizations search for social acceptance and legitimacy (Galaskiewicz and Wasserman 1989; Rowely 1997).

We can rely on the institutional perspective to interpret NGO response to shifts in donor funding. Mimetic isomorphism encourages *adjustment*, when an NGO observes positive results encountered by another organization that went down a specific route. That was the case with NGO4, for example. One representative mentioned that when the NGO noticed that other organizations were successful in securing donor funding for projects that did not align with their mission, the organization was encouraged to adopt the same approach and applied for funding that required altering the nature of its work. To a great extent, NGO4 created an internal myth that its legitimacy is preserved. First, other peer

organizations are caught in the same practice. The organization was imitating their behaviors (Galaskiewicz and Wasserman 1989). Second, the organization argued that it was still serving its constituents, but through the provision of different types of service.

Coercive isomorphism, which adopts external influences, such as the control over resources as a driving force of NGOs' compliance with certain requirements and norms, could explain the choice of *loyalty*. An NGO established by a donor relies on donor funding and derives its legitimacy from that donor. Resource-dependence as a source of coercive isomorphism drives an NGO to be primarily accountable to donors. The congruence between NGO interests and donor objectives becomes the determinant of organizational legitimacy. If the organization were to distance itself from the donor, it would become vulnerable in the surrounding environment. The safe practice is to accept the association with the donor as an institutional rule that could ensure survival and secure resources.

Exit and *voice* could be interpreted as results of mimetic and normative isomorphism processes. These are cases when NGOs scan their surrounding environment to learn what worked and what did not for other organizations. For example, NGO1 representatives repeatedly distinguished their organization from other local organizations in terms of the way it applies for funding or executes projects. The NGO abides by strict values and principles that deter it from replicating practices that it criticizes as transformative and destructive. *Exit* and *voice* are also suitable choices when professionalism drives the organization to be more faithful to its own mission and objective. For example, NGO2

representatives underscored professionalism as a source of bargaining power vis-à-vis a donor. Organizational values and professionalism become institutional rules that become legitimated externally and then empower the organization not to be over-fixated with accountability towards a specific donor.

Oliver's Six Determinants and Typology

Oliver (1990) relies on both the resource dependence theory and the institutional theory to explain organizational reactions to uncertainty in the surrounding environment. There are six determinants of inter-organizational relationships. First, *necessity* refers to mandated requirements dictating certain behavior that would not occur otherwise. Second, *asymmetry* refers to the potential of the organization to exercise power or control over another organization. Third, *reciprocity* “emphasizes cooperation, collaboration, and coordination among organizations, rather than domination, power, and control” (Oliver 1990: 244). Fourth, *efficiency* is solely conditioned on the improvement of internal input/output ratio. The fifth determinant is *stability*. What drives most of the organizations in their actions is the uncertainty in their environment; “uncertainty prompts organizations to establish and manage relationships in order to achieve stability, predictability, and dependability in their relations with others” (246). *Legitimacy* is the final determinant. Legitimacy is a desirable social good that dictates each entity seek beyond mere self-perception and strive towards “a generalized perception or assumption that actions [...] are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Mitchell, Agle, and Wood 1997: 867).

The NGO-donor relationship is one form of inter-organizational relations. Consequently, the analysis of NGO responses to shifts in donor funding priorities could be guided by these determinants: necessity, asymmetry, reciprocity, efficiency, stability, and legitimacy. Let us consider the response of *exit*. *Exit* represents a situation when an NGO decides not to comply with donor demand and suspends its relationship with a donor due to divergence of interests. In such a case, there are no legal requirements that necessitate the NGO maintain the relationship beyond the specific timeframe of a grant agreement, for example. Second, an NGO relies on its technical expertise and achievements as sources of power vis-à-vis the donor. If the NGO cannot hold to these sources in the new field of donor interest, the relationship becomes more asymmetric and the organization prefers to *exit*.

Third, contrary to the previous case, some NGOs might realize their individual interests through coordination of efforts and engagement with donors. If the disadvantages and management costs of a relationship with a donor outweigh the expected benefits, then the organization is more likely to extricate itself from the relationship (Oliver 1990). Fourth, when an NGO is interested to produce more outputs or increase the number of targeted beneficiaries, it relies on donor funding to expand the quantifiable impact of its projects. NGO1, for example, focused less on how funding could increase the efficiency of projects and more on how it could divert the broader impact of the work when the decision was made to suspend relationship with the donor.

Finally, legitimacy is not necessarily associated with resources. The mere fact that a donor funds an NGO does not mean that the donor determines legitimacy. NGO1, for example, defines legitimacy in terms of adherence to principles and values, while NGO2 associates legitimacy with effectiveness through commitment to achieve and deliver. Therefore, as an NGO locates legitimacy, internally and away from the donor, the more likely it is to practice *exit*. While resource scarcity and fluctuations in needs and demands continue to undermine the stability in NGOs' environment, Oliver's (1990) other five determinants could well-explain the variation in response to shifts in donor funding.

The Typology

Oliver (1991) has another substantial contribution that has guided extant nonprofit research (see for example, Crittenden 2000; Dunn 2010; Elbers and Arts 2011; Never 2011; Provan, Isett, and Milward 2004; Ramanath 2009; Rauh 2010; Tschirhart 1996; Wallace et al. 2006). The author converges resource dependence and institutional perspectives to identify a typology of five strategies that organizations use to respond to institutional processes. These responses range from passivity to active resistance: *acquiescence, compromise, avoidance, defiance, and manipulation*.

Acquiescence is a response of accidence to institutional pressures when expectations of potential gain and reinforced legitimacy are high. Acquiescence takes three forms: *habit*, or the unconscious adherence to taken-for-granted rules that have been historically accepted, practiced, and reproduced; *imitation*, which corresponds to the institutional concept of mimetic isomorphism of replicating of successful practices; and *compliance*,

which is a conscious and strategic choice to comply to external pressure due to perceived benefits (Oliver 1991: 152-3).

The second strategy is *compromise*. This more active response allows the organization to partially comply and engage with external stakeholders. The goal is to *balance* conflicting external pressures, *pacify* pressure by appeasing some interest, or *bargain* the external actor through a constructive process of negotiation and concession that benefits the organization. Oliver's (1991) third strategy is *avoidance*. Avoidance is more active than compromise in the sense that an organization needs to find ways to circumvent conforming to external pressure. One way is to *conceal* acceptance while, in reality, the organization does not intend to comply. Another way is *buffering* where the organization decouples activities from formal structure, or, in other words, hides some of its work from external actors. The organization can also *escape* pressure by exiting institutional processes all together. This is a more conscious and proactive choice (154-5).

Defiance reflects a more active strategy to fend off external pressure. Defiance can be practiced through *dismissing* or neglecting regulations and demands that are coming from external actors. An organization can also *challenge* these regulations and demands through counter-argument. The response intensifies when the organization *attacks* what is being imposed on it; the tactic is to undermine external demands through proving the validity and dominance of the organization's perspective. The last strategy Oliver (1991) suggests is *manipulation*. This active response is carried out by an organization that

purposefully would benefit from the opportunity to turn the tables and try to co-opt, exercise power, and control and impose change in expectations and demands (157).

Without doubt, Oliver's (1991) typology would lend a robust argument for the research questions addressed in this dissertation: the 'how' and 'why' NGOs respond to shifts in donor funding. As a matter of fact, the typology encompasses Hirschman's (1970) typology and its consequent modifications. *Exit* is embedded in the compromise strategy when the organization escapes the institutional processes. *Voice* is a form of bargaining and compromise. Defiance encompasses both Rusbult and Farrell's (1982) *neglect* and O'Leary's (2006) guerrilla actor's behavior: the former as dismissal and the second as challenge or attack. *Loyalty* perfectly aligns with acquiescence through the form of habit. Finally, the proposed addition of *adjustment* is also a strategy of acquiescence through a deliberate and conscious decision of compliance. Here again, *loyalty* and *adjustment* are similar yet distinct forms of behavior, although they both fall under the Acquiescence strategy.

I fully recognize the theoretical and empirical value of Oliver's (1991) typology. The typology can be easily applicable to donor-NGO relations. It does capture variations in NGO behavior into the different 5 strategies, although some forms of responses, such as co-optation, might be hard to justify and verify in donor-NGO relations. However, this dissertation has not relied on the typology as a theoretical or conceptual framework, to avoid replicating Rauh's (2010) research on the dynamic of change Southern NGOs go through as a consequence of their relationship with donors. Nevertheless, I will benefit

from Oliver's (1991) typology in future research that expands on lessons this dissertation affords.

To conclude this section, the same phenomenon could be observed using different theoretical lenses. That is the case herein, where Principal-Agent Theory, Institutional Theory, or a convergence of resource dependence and institutional perspective can explain NGO response to shifts in donor funding. Variation in the response could also be explained by Stinchcombe's (1965) liability of newness phenomenon, where younger organizations are at risk of failure in the early years of operation, which might impact their strategies and decisions, including the decision to respond to shifts in donor funding. Other alternative explanations that should be considered in future research include the type of organization (membership or service or issue-based organizations), internal good governance, internal decision-making processes, and organizational specialization and capacity. These ideas for future research should not be taken as signs of weakness of the conclusions derived from the integrated theory proposed herein nor should they undermine the contribution made. On the contrary, multiple perspectives could portray a more comprehensive picture of an existing phenomenon.

CONCLUSION

In this chapter, I tested propositions using network and regression analysis. I compared how four variables or predictors (of resource dependence and tie strength) influenced the likelihood of choosing one of the three responses (*exit*, *voice*, and *adjustment*), taking *exit* as a referent category. Changes in resource criticality have a significant effect in

positively increasing the odds of practicing *adjustment* in contrast to *exit*. Another significant effect is that of resource concentration. An increase in this predictor, which reflects a diminishing pool of external donors, means that the NGO is more likely to choose *adjustment* over *exit* as a response. The effect of closeness centrality was highly significant when contrasting the probability ratio of choosing *voice* over *exit* when the centrality score, which indicates the tie strength, increases.

Any shortcomings in predications could be a result of deficiencies in the sample size or the measures used. As mentioned before, another challenge is the difficulty to interpret results of the multinomial logistic regression since we are not predicting the likelihood of adopting a specific response based on a set of variables but rather contrasting the likelihood of choosing one response versus the other as each predictor changes. However, this should not undermine the contribution of the integrated theory to the study of organizational behavior. The NGO-donor relationship is complicated and the picture is broader; it is useful to approach the subject from different perspectives in order to construct a comprehensive conception. Even with its attempt to do so, this research had to narrow down its focus and angle of analysis. This research should be taken as an initial exploration of complex questions.

CHAPTER EIGHT: RECAP OF ANALYSIS AND AGENDA FOR FUTURE RESEARCH

INTRODUCTION

The NGO-donor relationship is complicated. This dissertation focuses on NGO reactions to shifts in donor funding. In chapters three and four, I focused on the first research question of how NGOs react to these shifts. I added the category of adjustment to Hirschman's (1970) typology of exit, voice, and loyalty to decipher the variation in reactions. Findings from interviews and fieldwork suggest that the exit, voice, loyalty, and adjustment typology has merit. In Chapters Five through Seven, I focused on the second research question of why NGOs react in different ways. The degree of NGO dependency on external resources and the strength of ties an organization has in a donor network jointly influence outcomes. Quantitative analysis combined with observations from the fieldwork provides considerable support for the integrated theory proposed in Chapter Five.

This chapter serves multiple purposes. First, the conceptual framework this dissertation relies on is recapitulated. Second, the chapter presents the main contributions of this research. Then surprising findings and basic limitations are discussed as an agenda for future research.

CONCEPTUAL FRAMEWORK: RECAP

In this section, I present the conceptual framework based on the foregoing review of literature pertaining to NGO-donor relations and the theoretical perspectives used to

generate a new explanatory theory of NGO reactions to changes in their resource environment. The framework is depicted in Figure 8.1. The conceptual framework drew on three theories and an area of scholarship and practice. Starting at the left of Figure 8.1 and moving clockwise, the areas are: Hirschman's (1970) individual self-interest theory, the integration of resource dependence theory (Pfeffer and Salancik 1978) and the theory of weak ties (Granovetter 1973, 1983), and scholarly work on NGO-donor relationships. At the center of the framework is the convergence of those areas: a modified Hirschman's typology of four elements: *exit*, *voice*, *loyalty*, and *adjustment*. The modified typology explains how NGOs respond to changes in donor funding based on environmental constraints, i.e., organizational need of external resources and organizational ties reflected in the embeddedness in a broader network of actors in the local environment.

Specifically, there is a variation in NGOs' responses to shifts in donor funding, as the interests of both parties divert, converge, or balance out. In one case, the NGO decides to suspend the relationship for funding cycle. In a second case, an NGO communicates with a donor to balance interests and maintain the relationship. In a third case, an NGO unconsciously complies with the wishes of a donor. Finally, an NGO deliberately and consciously alters its activities in an attempt to accommodate changes in donor funding. This dissertation argues that NGO response depends on two forces: the NGO's resource dependence and the NGO's ties in the densely knit network of a donor agency.

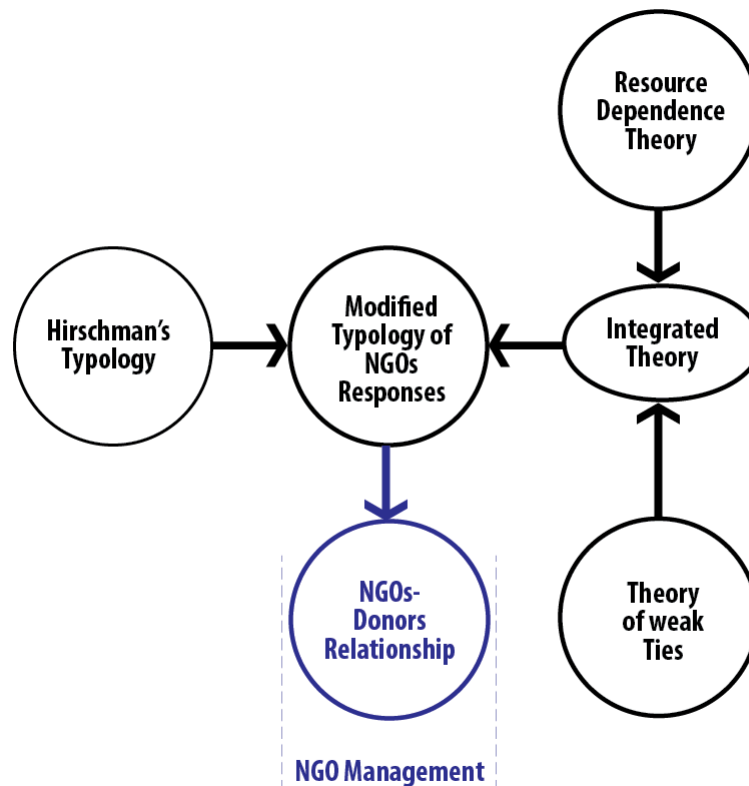


Figure 8.1: Conceptual Framework

In his typology, Hirschman (1970) expresses the need to focus on repairable lapses. Organizations decline as a result of random causes; the behaviors or responses of stakeholders (members or customers) should guide the organization to rise and—as important—to alter its decisions and performance (or those of the stakeholders) to avoid further decline. This matter relates to the need to focus on repairable lapses. Thus, *exit* and *voice* are seen as potential correctives that tell managers and firms to repair some aspect of the organization lest the organization become inefficient or unproductive or the relationship with stakeholders become unsatisfactory (Brower and Abolafia 1995). Therefore, the deterioration is not perennial or irreversible but could be repaired.

This is particularly crucial in the unbalanced and unstable NGO-donor relationship. A donor should be concerned about any deterioration in its relationship with local NGOs and should take immediate measures to improve the situation. As one NGO representative commented,

Donors without NGOs are not donors. [...] Donors need NGOs as much as NGOs need the donors. NGOs need donors for the money. Donors need NGOs to ensure that the budget gets allocated and funds dispersed; they also need NGOs to implement activities to demonstrate their support to developing countries. NGOs offer the donors a presence in Lebanon and an opportunity to build a positive public image (Interview #28).

After all, donors favored NGOs as partners to reinstate the legitimacy of assistance in developing countries (Edwards and Hulme 1996; Kharas 2007; Robinson 1995; Smith and Lipsky 1993; Thomas 2008).

The fact that NGOs react differently to shifts in funding across time and donors is interesting, though perhaps not surprising. This variation demonstrates that the process of transformation is neither universal nor inevitable. The process could be reversible and repairable. Responses to a changing or deteriorating relationship should serve as a guide for the organization to rise, alter its decisions and performance, and avoid further decline. This is particularly crucial in the unbalanced and unstable NGO-donor relationship. Shifts in donor funding affect the relationship directly, and NGO autonomy and performance indirectly. Both sides should learn from the variation of responses captured in the typology of *exit*, *voice*, *loyalty*, and *adjustment*. An NGO reaction is an indicator of a change in an existing relationship. Accordingly, the NGO may wish to signal, not only to the immediate donor, but also to other donors and peer organizations, that necessary

actions should be considered to avoid further deterioration of the relationship and possibly to remedy a situation. In this case, the practice of *exit* may have results that are more favorable. Such signals, over time, may lead to longer-term improvements in NGO-donor interactions and mitigate the perceived necessity, of either party, to completely dissolve what had previously been a strong and useful relationship.

CONTRIBUTION OF THE RESEARCH

The literature on NGO-Donor relationships is quite abundant. The impact of donors on NGOs, NGOs' multiple—and sometimes conflicting—accountabilities, and the tripartite relationship between donors, government, and NGOs are among the most extensively discussed themes. Even forging or declining a relationship—whether a partnership or an unequal interaction—between the two parties has attracted enough attention; however, donors should be interested in understanding why this relationship undergoes certain transformations as donors decide to modify strategic funding objectives.

Nevertheless, the NGO-donor relationship is complicated. To better understand the dynamics of the relationship, this research focuses on the change in the quality or associated benefit of donor funding to an NGO which compels a certain response or reaction. Therefore, the main contribution here is the application of Hirschman's (1970) typology to organizations versus individuals, with the possibility of modifying or expanding the typology to fit the variation in NGOs' reactions to shifts in donors' funding objectives into a typological framework.

The second, yet major, contribution is to organizational theory. As mentioned earlier, this dissertation verifies the arguments that resource dependence theory (Pfeffer and Salancik 1978) and the theory of weak ties (Granovetter 1973, 1983) separately provide to understand organizational behavior. Then, the dissertation builds and tests theory to provide a mechanism for describing the simultaneous effect of the NGO's dependence on external resources and its ties within a network, and for predicting its response to a shift in donor funding.

The third contribution is the mapping of a network of environmental NGOs in Lebanon, which is an unprecedented step. The mapped network would provide a descriptive analysis of the NGO-donor relationship. It also constitutes valuable data for future research in the same field.

The fourth contribution of this study is the fact that it sheds light on some of the overarching questions that NGOs have not yet tried to tackle seriously. One of these questions is existential: is the sector just one consequence of distribution of power in states and societies, or is it self-existent (Van Rooy 1998)? Many postures about the NGO sector are taken for granted and serve as foundations to build on without contesting. The sector is suffers from a variety of problems. One of these problems is high dependence on donors, who can also be manipulative. This research aims at portraying to donors the consequences of their policy decisions through the variations in responses from local NGOs; such a variation should be appreciated and factored into future policy-making. This study further contributes to scholarly debates on variation in and diversity

of NGO governance and management towards a better idea of where NGOs should be heading. Edwards and Sen (2002) confirm that a transformation needs to start from within NGOs and spread into the systems and circles of power (donors) as a key to a sustainable future.

AGENDA FOR FUTURE RESEARCH

In this section, I discuss some surprising findings that emerged from observations during fieldwork and from analysis of the data. Then, I present the limitations of the study. Other limitations were discussed in the two methodology chapters (Chapters Three and Six). I consider that both the surprising findings and research limitations to be valuable opportunities for potential research ideas and further explorations.

Unexpected and Surprising Findings

Fieldwork and data analysis revealed some unexpected findings. One surprising observation that goes unnoticed but yet is noteworthy is the gender factor. Currently, the percentage of female members serving on executive committees is less than 17% in 53.6% of the environmental NGOs covered in this study (UNDP 2009). There are fewer organizations currently headed by women. A quick survey of the history of the relationships with donors indicates that these organizations were more likely to practice *voice* when a female executive director managed the organization. An expert in the NGO sector argued that donors want to encourage women in decision-making positions as part of their broad objectives of women empowerment. One way of empowerment is to listen to those leaders and allow them to express their voice and concerns. A female executive

director agreed; “several donors are pleased that women are leading organizations and they are more willing to work with us” (Interview #2). Such an attitude opens doors of opportunities and allows more flexibility that (some would argue) would diminish if the organization was headed by a male leader. Such an observation is worth considering in future research on the role of gender in organizational behavior, decision-making, and inter-organizational relations.

The second intriguing finding is derived from interviews with some organizations that practiced *exit*. In Chapter Five, I tried to interpret the variation in NGO behavior by integrating resource dependence theory (Pfeffer and Salancik 1978) and the theory of weak ties (Granovetter 1973, 1983). In addition, in Chapter Seven, I referred to other theoretical alternatives. Nevertheless, the underlying factors behind NGOs’ behavior (such as *exit*) could be quite straightforward and uncomplicated. Some NGOs no longer secured funding because the relationship with a donor was exhausting. Exhaustion was provided as a reason by small and large organizations, including some with low resource dependency and well-developed managerial capabilities.

Donor funding could have a positive impact on the organizational capabilities towards more professionalism and managerial expertise (Mawdsley et al. 2002; Wallace et al. 2006). However, NGOs could divert from their main focus to attend to time-consuming and complicated systems and procedures (Carothers and Ottaway 2000; Henderson 2002; Markowitz and Tice 2002; Jellinek 2003; Martens 2008). Donors’ administrative requirements force an NGO to invest more time, efforts, and resources on management

than on the program itself. These requirements can easily inflate project cost and underestimate the benefits, according to an NGO representative. One donor requirement that was cited by many interviewees is the multiple bids for procurement. Some NGO professionals did not see the practicality of this requirement for small size procurements. Others considered that the productivity and efficiency of an ongoing relationship with a supplier is not calculated into this donor requirement. An NGO representative commented, “on the contrary, our work with a local supplier was impaired because of this requirement. On top, the donor does not pay overhead cost. So you end up with the donor funding only 80% of the project. The whole relationship with that particular donor was really draining us that we decided to get out” (Interview # 17). *Exit* is not necessarily a calculated economic choice here but rather a mode of behavior driven by social and psychological motivations.

The third and last interesting observation is that *adjustment*, which entails a degree of transformation in organizational identity and work, could be embraced by donors. I talked to experts in the NGO sector who argued for recognizing the organic development of these organizations. Denying the opportunity of shifting and diversifying activities is counterproductive to developing the overall organizational capacity. To those experts, there is not a disconnection in the activities of the NGOs but rather a logical progression in their work. The shift in donor funding would then be an opportunity for growth and expansion. One expert elaborated, “this is a rational decision that we have to accept. It is hard to argue against it because we are not sitting in the meetings of the organization and we do not have access to a strategic plan to verify the decision” (Interview #3).

The same viewpoint resonates with some donors. For a donor, it is more cost-effective to fund an existing partner NGO that shifts activities into a new domain. The organization already has the credibility, capacity, and constituency to do the work, and the donor has already experienced the work of that organization. There is a mutual benefit in accepting *adjustment* practiced by the NGO. However, three other justifications donor representatives provided are of particular interest. First, a donor should not substitute for the Lebanese government in supervising local NGOs. The regulation of the work and missions of local organization should be the responsibility of a national government through the enactment and enforcement of relevant legislations. The power dynamics in a donor-NGO relationship grants the donor a monitoring role. However, it should not be expected of a donor to practice a more active role beyond its own interest. Second, some donors believe in free enterprise. In a free market, organizations decide on their actions and are driven by an interest to expand. According to a donor representative, the donor should not constrain the NGO's activities. Rather, it is the market dynamics, in terms of either the success or failure of the NGO or a sectoral-initiative towards self-regulation.

Third, donors are usually accused of meddling in the business of NGOs. A donor representative played the devil's advocate and explained, "hands off means that if an NGO decides to shift its work to an entire new domain, then the donor should not interfere to encourage or reverse the NGO's decision. On the contrary, the donor should accept the new change and deal with it" (Interview #25). The main point here is that the NGO has the right to decide on its activities. In the handbook on democracy and

empowerment, this right should be respected and not modified. These three justifications are critical because they could overshadow responses of *exit* and *voice*, which more explicitly reflect a certain degree of NGO's dissatisfaction in donor action.

Limitations

This research focused on actual behavior of organizations in real settings and sufficiently captures what is going on in reality through observing and analyzing NGO activities. To address the challenge of the small sample size, future research could be based on simulation exercises. Participants would be randomly assigned to different entities and would be instructed to react to a certain scenario that involves changes in the external resource environment of these entities.

The research focused on the result of reactions initiated by NGOs towards shifts in donor funding. This means the possible original intentions of an NGO and consequent response of a donor were downplayed. Hirschman's typology (1970) addresses the final or visible behavior as the outcome. However, Dowding and colleagues (2000) consider the deliberative process that leads to the final outcome important to analyzing the mode of response. The authors propose a decision analysis tree. Chapter Four discussed the decision analysis tree. A decision is a result of a process initiated by the NGO and requires a response from the donor. Based on the response, an NGO might have several options that, in the end, lead to or shape the final visible action. The qualitative data provided some supporting evidence. However, the evidence was derived from cases of experience with funding from international organizations and not Donor A or B. Having

said that, I acknowledge that this issue constitutes a limitation in the second phase of the dissertation. There is a measurement problem in the possibility of overstating *exit*, being assessed by the informants based on the visible outcome. While various measures were taken to address this problem, future research should cautiously delve into the decision tree analysis and account for additional variables, particularly donor behavior (rejection of grant application) and processes (grant-making mechanisms). The fact that practices of *adjustment* are more common vis-à-vis a donor that follows a fixed deadline (compared to a rolling-basis application system) could be a valuable research idea to ponder.

The research focused on an NGO's relation vis-à-vis a specific donor. The research neither provided an explanation of the general behavior of a particular organization towards all of its donors nor analyzed the correlation between responses to shifts in funding of multiple donors, although resource dependence theory (Pfeffer and Salancik 1978) and the theory of weak ties (Granovetter 1973, 1983) provide some insights. In other words, the decision of an NGO to select *exit* in its relationship with one donor was not analyzed in reference to the choice of *voice* or *adjustment* with another. This could be considered a limitation that should be thoroughly addressed in future research. The interplay between responses to different donors might explain and be explained by the elasticity of supply and demand that Hirschman (1970) considered a key factor in the choice between *exit* and *voice*.

This research focused on NGOs in a developing country. The research was limited to a specific population to carry out the network analysis exercise. Another delimitation

imposed by the research was the industry or field of operation of these organizations, i.e., the environment. Organizational mission or field of work might have a direct implication on organizational behavior (Brown and Moore 2001; Ebrahim 2003a). Therefore, we might expect developmental NGOs whose primary focus is to sustain services-provision to practice *adjustment* in order to secure the operational capacities more than organizations working on governance issues. Even within the same sector, an NGO's mode of response might be contingent on the nature of its work. Advocacy organizations working on education policy making and contesting face different imperatives than NGOs providing educational services. Future investigation should assess the validity of the present model across varied sectors and scope or nature of work.

This research focused on a specific period of time, especially in the second phase of the dissertation; the focus was static. However, there might be a probability for one mode to be reinforced at the verge of every funding cycle. This means that not only the responses are mutually exclusive but also the organization itself becomes mutually exclusive. In other words, a *voice* NGO keeps practicing *voice* or *adjustment* NGO keeps changing the focus of its activities. Nevertheless, there may also be a temporal aspect in NGO response to shifts in donor funding, as I highlighted in Chapter Five. It is not only that the response I am focusing on here is the end result or behavior, which means that the organization might have consumed other alternatives before taking (and exhibiting) the behavior that we recognized (Dowding et al. 2000). It is also "possible that there are natural progressions in response mode [...] if dissatisfaction persists or conditions decline

further” (Rusbult et al. 1988: 616). This requires additional research through longitudinal studies.

This research focused on organizations as the level of analysis. Organizational characteristics in terms of resource dependence and network ties were used as predictors of NGO responses. The research relaxed or set constant the effect of individual-level characteristics on the choice of responses. The analysis in Chapter Four departed from the assumption that an organization is an aggregate of individuals (Pfeffer 1982) in order to apply Hirschman’s typology. However, we should not forget that organizational behavior could be understood by considering the behaviors, characteristics, and values of individuals within the organization (Collins 1981; Padaki 2000, 2002; Pfeffer 1982; Schelling 1978). As in any research that involves humans, it is necessary to consider personal dispositions that might influence organizational decisions. In the NGO sector, especially in Lebanon, there is a revolving door between local NGOs and donor missions or intermediary organizations; the donors become interested in recruiting qualified local staff who are experienced in the NGO sector and can provide inside information and insights (Stiles 2002).

Furthermore, the importance of personal connection is amplified when we include network relations in the analysis. Along the networks that are formed among organizations through inter-organizational relations, there are personal networks formed among individuals from across different organizations. These personal networks might be formal (membership in professional organizations for example), or informal (friendship

and kinship). The formal and informal personal networks among individuals might sometimes substitute for, strengthen, or weaken networks among organizations. Inevitably, personal networks have a direct impact on decisions made regarding relationships among organizations. Grønbjerg and colleagues (2000) underscore the embeddedness of the funding process in the relations that philanthropic foundations have with their grantees; the personal connections between staff at both sides might be productive and welcomed but could also turn problematic and inexpedient. Therefore, it is necessary to consider expanding future research to focus on and/or incorporate personal networks into the analysis.

I do consider both the surprising findings and research limitations to be valuable opportunities for potential research ideas and further explorations. Of specific importance are the gender factor, strategic management, internal governance, degree of specialization, and organizational capacity. In addition, from the raw data and the findings of this dissertation, there are several pending research questions around NGO management on my agenda for research post dissertation. These questions concern conflicting accountability mechanisms, internal governance issues (such as self-regulation), inter-organizational relations (such as partnerships), NGO-government relationships, and impact on public policies. Many of these issues afford cross-sector and country comparative analysis. This dissertation has laid the ground for a rich theoretical development.

CONCLUSION

The lack of resources is not the core problem Lebanese NGOs face. Funding fluctuates; NGOs with compelling ideas do not find a problem getting funding. The NGO-donor relationship is healthier than elsewhere where an enormous dysfunction in the NGO sector exists because of donor funding. The problem lies somewhere else. Besides the fragmentation in the country which is reflected in civil society, there has not been a prolonged period of stability in Lebanon for the civil society to appropriately mature and adapt to a peaceful environment where NGOs can deal with issues that affect people's lives on a daily basis. These organizations are unusually responsive and work best during crises and emergencies. An extended period of stability is needed for the society to place its demands and for NGOs to be more focused and responsive.

I want to conclude by pointing out common questions NGO practitioners and scholars are asking. Is there a structural problem in NGO-Donor relationship? Is the dependency trap inevitable? Some practitioners believe that if NGOs do not respond favorably to donors they will not be able to continue their operation, provide employment opportunities, and serve the public. NGOs who want to be relevant, credible to get donor funding, and seek such funding will respond favorably to donors.

My contribution to scholarly debates on NGO-donor relations could suggest different answers. We need to dig deeper in order to understand how NGOs behave. Regardless how dependent NGOs are, these organizations can still practice agency in their decision-making. The integration of RDT and the theory of weak ties indicates that there is not necessarily a structural problem or that NGOs are stuck in a dependency trap. Financial

resources are not the only key determinant of behavior, and, consequently, of survival. To echo other scholars, “a key to organizational viability and integrity is to understand the opportunities and tradeoffs, choose revenue strategies that are consistent with the mission, and conscientiously respond to management challenges presented by each strategy” (Froelich 1999: 261; Gronbjerg 1991). Drawing on Hirschman’s argument, the decline in the relationship should be a good lesson to the actors involved. The practice of *exit* and *voice* might be costly in the short term but might yield better results in favor of the NGOs in the long term. NGOs should learn and practice that. Donors should keep an eye open and notice that the recurrence of *voice* and *exit* are chances for revitalizing development. *Loyalty* and *adjustment* might eventually be more inefficacious—not to the NGOs but to the donor itself.

To conclude, a healthier donor-NGO relationship is much needed. This is the responsibility of both actors—as well as of the silent or invisible actor, the government. A national strategy that outlines local needs and priorities is a prerequisite and is the main responsibility of the government. Donors should revisit their funding strategies and mechanisms with an eye towards relaxing conditionality on funding and engaging local partners in a more inclusive and effective manner. However, in my opinion, the heavy lifting should be by the NGOs themselves. There is no time or benefit in blaming others. NGOs should acquire a strong voice and practice that *voice* by saying ‘no’ to a donor. This is not a common practice. NGOs should empower themselves through a solid vision, internal good governance, a degree of financial autonomy, and within- and cross-sectoral collaboration. Only then can an NGO could resist shifting tides in their surrounding environment.

APPENDIX A: E-V-L TYPOLOGY IN APPLICATION

The exit-voice-loyalty typology has been popular in several scholarly research studies following its inception in 1970. Hirschman (1978; 1980; 1993) himself extends consideration of the uses of economic modes of exit, voice and loyalty to dissect political phenomena whether in terms of the state role in organizing public services (1980) or in understanding the political developments in the German Democratic Republic (1993). In his 1978 piece, “Exit, Voice, and the State”, Hirschman (1978) discusses how exit—and in particular mobility of property or wealth—could be a threat to the existence of the small modern state and could lead to the introduction of a new public good as a defense mechanism by the state. The new public good which has low entry cost, is labeled as an ‘understood complexity’ which allows citizens to navigate expertly and knowingly through their country’s constraints and frustrations (Hirschman 1978:107).

Exit and voice are dominant in the study of decentralization. The Tiebout model considers only exit or voting by one’s feet as a means of expressing consumer discontent. Another possibility for voters in a democracy is exerting voice in the decision-making process, i.e. political participation (Oates 1972; Hirschman 1978; Feld 1997). Sharp (1984, 1986) builds on the exit-voice choices to study the interplay of individual expectation, level of education, and social status on political participation at the level of local governments and then in urban settings as an expression of exit, voice, and loyalty. Moynihan (2007) discusses participatory budgeting as a voice mechanism, because people are invited to participate in the budget process of their local government under the assumption that if local people are involved in deciding what they need, how much should be spent, and how much should be charged for local services, they will more likely be satisfied and willing to pay their local taxes. Andrews (2005) indicates a broad accountability effect was evident in cases where voice mechanisms facilitated influential expression of civic voice, and those expressing their voices were from a broad section of society. Wilson and Taub (2006) use Hirschman’s typology in their book, *There Goes The Neighborhood.* The focus is on demographic changes by analyzing how different neighborhoods with distinct characteristics respond to such changes. Studying four working and lower middle-class neighborhoods in Chicago, the author notices that some neighborhoods go through several stages before they reach a ‘tipping point’ of rapid ethnic change, which is reflected in a family’s decision to leave the neighborhood. The key determinant here is the presence and strength of social organizations that work to delay or thwart the process.

In his 1992 piece on accountability in public services, Paul (1992) is adamant that the impact of public accountability on public service performance and governance could only be possible if we move away from an exclusive reliance on control mechanisms and use of exit and voice as incentives. Dowding and John (2008) study citizen satisfaction with local public services. The authors present a modification of Hirschman’s typology (1970) with three types of exit: moving location, moving from the public sector to a private provider, and moving between public sector providers. Also, they model three types of voice: private voice through complaining, voting, and collective action. To the contrary, Ackerman (2004) argues that both exit practiced through marketization or privatization

and voice expressed in such forms as co-production, social protest, or consultation are insufficient. To a great extent, Hirschman's (1970) typology is dismissed to allow for co-governance in public service delivery, which involves inviting social actors to participate in the core activities of the state.

The modified typology that includes neglect is extensively used in studies on employees' behavior. For example, Zhou and George (2001) use a sample of 149 employees to show that high level feedback from co-workers, co-worker help and support, or perceived organizational support influence responses to job dissatisfaction and can be actually channeled into a favorable outcome of employee creativity in a petroleum drilling company. Vigoda-Gado and Meisler's (2010) study of a sample of 380 Israeli local government employees suggests that emotions in management and the management of emotions play a significant role in the outcomes of public administration personnel including job dissatisfaction and the consequential responses of exit, voice, or loyalty.

Davis-Blake, Broschak, and George (2003) study job dissatisfaction using a blended workforce as a mediating factor. Using the General Social Survey and the National Organizations Survey, the results show that employees' loyalty decreased and their interest both in leaving their organizations and in exercising voice through unionization increased with the introduction of non-standard employees into the work force. The effects were moderated by the job security of the standard employees, their salaries and responsibilities and training, as well as by the length and type of non-standard workers (temporary or contract).

Ferris, Harrell-Cook, and Dulebohn (1998) and Vigoda (2000) rely on Hirschman (1970) to study reactions to organizational politics (OP) defined as "behavior strategically designed to maximize self-interests and therefore contradicts the collective organizational goals or the interests of other individuals" (Ferris, Russ, & Fandt 1989 in Vigoda 2000: 327). The first group of authors postulated the relationship between OP and job outcomes such as job satisfaction. Vigoda (2000) examined the concept among 303 public sector employees in Israel. Vigoda (2000) finds that OP has a negative relationship with job attitudes (e.g., job satisfaction and organizational commitment), a positive relationship with intention to leave the organization (exit), and a stronger positive relationship with negligent behavior (neglect). It is suggested that public personnel will tend to react to workplace politics with negligent behavior rather than by leaving. In a follow-up comparative study between two samples of public personnel in Israel and Britain, Vigoda (2001) finds that OP is rooted in the cultural environment surrounding an organization; the analysis reveals that OP leads to higher intentions of exit and neglect and lower levels of loyalty, job satisfaction, and met expectations in Britain than Israel.

APPENDIX B: LEBANON BACKGROUND INFORMATION

Lebanon is relatively a small country in the Middle East with an area of 4,035.5172 sq. miles and a population of 3,759,136 (CSA 2007). The geographical location at the Mediterranean Sea and the diversity in the socio-cultural milieu favored Lebanon as a bridge between the East and the West. Before the civil war (1975-1990), the country witnessed an economic boom and was the spotlight of the world; Lebanon was labeled as the Switzerland of the East to characterize its unique status.

Lebanon has a very rich history. The history could be traced back to the Phoenicians, as evident in the various archeological excavations, and has been definitely shaped and transformed by the Arab heritage and civilization. Lebanon was ruled under the Ottoman Empire for more than 400 years but distinctively enjoyed an autonomous status, which set the cornerstone for the country's political and administrative structure. After WWI, Lebanon was under the French mandate, which shaped the country's political, economic, and social norms.

Political Environment

Lebanon is a democratic republic. The people are the source of authority and sovereignty; the constitution governs state affairs and ensures that the relations among citizens are regulated and governed through constitutional institutions. The Republic is headed by a president elected by the parliament that is, in turn, popularly elected by the citizens. A prime minister is designated and forms a cabinet upon a vote of confidence by the Parliament.

In principle, all Lebanese are equal before the law, enjoying equal civil and political rights as well as public obligations and duties. Nevertheless, influenced by the French mandate, the 1943 Independence established an unstable political system characterized by consociational democracy (Lijphart 1969; Salamey 2008), where power in government is divided among the country's 18 officially recognized sectarian communities. Political and administrative positions were equally and proportionally distributed among Christians and Muslim religious communities.

Although all Lebanese are supposedly equal before the law, in reality there are serious limitations on citizens' rights. For example, citizens have a quota for parliamentary seats or administrative positions according to the sect of which they are members. Appointees to public offices are made based on religion regardless of qualifications, abilities, or expertise.

The political picture would not be clear without recognizing the influence of Lebanon's neighbors. Israel invaded South Lebanon in 1978 and then Beirut in 1982. Israeli occupation remained in Lebanon until 2000, which was marked by the withdrawal from South Lebanon. Nevertheless, Israel launched a series of attacks against Lebanon and its sovereignty; many of these attacks were destructive—in terms of human casualties and infrastructure. The most recent was the summer war of 2006 between Israel and Hizballah.

On the other hand, Syria has had a major influence on Lebanon. The Syrian army was present in Lebanon for more than 25 years and Syria had the upper hand in controlling and running the country's political game. This was manifested in elections of presidents, formation of cabinets, or appointments to public office, as well as cracking down on any political or civic opposition. The Syrian army left Lebanon in 2005 after the assassination of late Prime Minister Hariri and the uprising of the Cedar revolution, under the pressure of UN resolution 1559.

According to the Global Peace Index (GPI), Lebanon's rank has been ranging between 132 and 134 among all countries of the world since 2008. This reflects the unstable political situation and the security unrest. After the 2006 war, the opposition organized a sit-in and withdrew its representatives in the cabinet. The Lebanese government was paralyzed and businesses in that particular vital area of Lebanon were impacted. The Parliament was not convened, and a president was not elected for more than 6 months. Assassinations continued to target prominent political figures and tension intensified politically and religiously. In 2008, the country witnessed a mini-civil war between different factions where Hizballah practiced its force and was able to tighten its fist on the Lebanese political life. Civil society organizations stood helpless and could not act or react to stop the deteriorating situation or to address its aftermaths.

On another hand, unfair electoral laws and controlled elections had discouraged political participation. The opposition was isolated; citizens were discouraged to exercise their rights of association or expression. Civil society organizations were not allowed to play a role in monitoring elections until the last two elections, and only with mounting pressure from the international community and its observers. Nevertheless, Lebanon recognized the rights of association and expression. NGOs are formed relatively easily and function without direct control or supervision by government. They can secure funding from different local and international sources and conduct activities in a wide array of fields and domains, which might not favor the government. Lebanon has one of the most active media sectors in the region. There are tens of newspapers, hundreds of journals, dozens of local TV stations and other broadcasting companies stationed in Beirut. However, the dominance of religious doctrines and the fact that many of these media outlets are controlled or sponsored by politicians forced Lebanon to score +0.43 on the Freedom House index.

Added to this, widespread corruption in the public sector caused further citizens' alienation. The public sector was perceived as Ali Baba's cave where nepotism, favoritism, and bribery were widespread without any control or reprimand, further alienating citizens. The public sector is oversized, with many vacancies and a high average age of older employees. Many ministries are unable to perform duties effectively due to lack of human and technical resources or due to duplication of work and authorities. The judicial system was undermined and its hands tied up in any efforts to combat corruption. Efforts to fight corruption and introduce reform into the public sector by local reformists and civil society organizations with support from the international community are yet to be productive.

To conclude, the following indicators reflect the political situation in Lebanon. Government effectiveness was rated at -0.64 and the control of corruption at -0.83, according to the World Bank's 2008 Governance Indicators, on an international range of -2.5 to + 2.5. Lebanon's political stability was estimated to be -1.94 and the rule of law at -0.73, according to the same source.

Social background

The population of Lebanon is less than 4 million with a population density of 404/km². Since 1932, there has not been any national census; the ethnic background of the Lebanese is divided as 83% Arab, 4% Armenian and 13% other. 18 religious sects are recognized. However, conflicting figures confuse the percentile distribution by religion and sect. Cautiously reporting, Lebanon is composed of 56% Muslims and 39% Christians, with a remaining 5% Druze.

There is no separation between state and religion. On the contrary, religious leaders are key players in the political arena and even in the civil lives of people. Each religion has its traditions and institutions recognized and supported by the government. Civil status affairs are strictly organized according to and by each of the 18 religious communities; seculars have failed to introduce a voluntary civil marriage into the Lebanon society due to the furious opposition of religious leaders. In many cases, publications and productions are withdrawn and suspended under the pressure of religious institutions. These institutions also own material properties and have extended arms in the private and NGO sectors.

Lebanon is ranked 88th out of the 177 countries on UNDP's 2008 Education Index (EI), which measures the country's relative achievements in both adult literacy and combined primary, secondary, and tertiary gross enrolment. According to the Central Administration of Statistics, one third of the Lebanese population attended school in 2007; the illiteracy rate (10 years and above) was 9.3 %: 6% among males and 12.4% among females. Lebanon has around 1,400 schools; some of these schools are private and others are managed by NGOs. The educational system is governed by the Ministry of Education, which controls curriculum and manages public schools. There are a considerable number of private schools with certain discretion on curriculum. Currently, forty-one nationally accredited universities enroll students, and several of these universities are internationally recognized, including a prominent American university in the region (American University of Beirut.)

Lebanon is also known for excellent health services with several leading medical centers serving the region. However, the Central Administration of Statistics reports that only 44.9% of the Lebanese benefit from health insurance, mainly the National Social Security Fund's services (23%); the remaining 53% is left uninsured and benefit from health services that are provided on an ad hoc basis by NGOs and other organizations, as well as the Ministry of Public Health. In addition, in a country that witnessed a long civil war, it is interesting to note that 2.3% of the population (around 90,000) have some kind of disability.

Lebanon only witnessed a 0.11% population growth between 2004 and 2007. According to the Central Administration of Statistics, 39.5% of the population lives in Mount Lebanon, 9.6% in Beirut, around 20% in the North, 13% in Beqaa and 17.5% in the South. The demographic comparison between 2004 and 2007 reveals minimal mobility between regions despite war and political instability. 49.4% of the population is male and 50.6% is female; 45% are under the age of 24 and around 13% above 60. There is a main drop in the number of males aged 24 and above which could be caused by immigration and soliciting jobs abroad. This is reflected in the increasing number of single females and the drop in marriage rate.

Unofficial sources set the unemployment rate at 9.2%. The Central Administration of Statistics reports the employment to population rate at 39.5% (19% among women), while the employment rate is 43.4% of the total male population and 21.1% of the total female population. Lebanon ranks 83 on the Human Development Index. The UNDP fact sheet on Lebanon states that “poverty estimates place extreme poverty at 8% of the Lebanese population in 2005 where around 300,000 individuals in Lebanon are unable to meet their basic food and non-food needs and around 28.5 % are below the upper poverty line of US \$ 4 per capita per day”. The CIVICUS 2006 Report states that 7% of the taxpayers provide around 87% of the income tax base, and 1% of the Lebanese owns about 30% of the deposits in Lebanese banks. Such information needs to be further verified. Civil society organizations strive to provide assistance to the marginalized group along with or in the absence of governmental programs.

Despite the dire economic conditions, political turmoil, and security instability that Lebanese face, it is said that Lebanon’s main asset and reason for survival is its human capital. The Lebanese are known to be talented and well educated. Lebanon has a vibrant market economy and a cosmopolitan, diverse, socio-cultural environment. There is a high level of entrepreneurial spirit, especially with half of the population under 25. Lebanese are leaders in the fields of marketing, communication, design, medicine etc. In addition, there is an evident growing culture of leisure and consumerism favoring hi-tech products and fashion, and more openness towards western norms and lifestyle than any other country in the Arab world. This is reflected in the nature of work some recently established NGOs undertake.

Economic Situation

Due to its geographical location, Lebanon has served as a bridge between the East and the West; this shaped the role of the country into a service-oriented economy with limited natural resources. However, Lebanon remains a developing country¹; its weak economy

¹ Fiscal indicators reflect the situation. The 2008 total revenue was around 7.5 billion USD; the GDP (purchasing power parity) is US\$44.07 billion while GDP (official exchange rate) is US\$28.2 billion. By the end of 2008, the public debt constituted 163.5% of the GDP; the gross public debt stood at US\$47.01 billion while the net public debt reached US\$41.52 billion.

suffered from a civil war² and several wars and confrontations with Israel³ and Syria (CIVICUS 2006).

The country heavily relies on external sources of revenues rather than on nationally-generated tax revenues. This is reflected in the foreign currency debt, which totaled US\$ 21.24533 billion in 2008. Around 9% of that debt is in the form of foreign loans and more than 65% in market-issued treasury bonds. It is useful to refer to two precursors. First, the government's executive body responsible for finding funds for and supervising the reconstruction and development efforts (CDR) is fully funded from external sources and not from government internal revenues; in the 2009 budget, the CDR's budget was estimated to be only US\$300,000. Second, a conference for the Friends of Lebanon organized in 2007 promised US\$7.5 billion in assistance for development projects and budget support.

This signifies the volume of foreign funding being channeled to Lebanon. In periods of crisis, foreign funding takes the forms of grants or soft loans. Following the 2006 summer war, US\$590.2 million was pledged for relief and reconstruction efforts in the form of grants, and US\$121 million in the forms of soft loans.

As mentioned earlier, the Lebanese economy is service-oriented with a strong commercial tradition and heavy reliance on tourism. The country has a strong private sector that leads the economy and a vibrant NGO sector that substituted for the government in providing public services during the 15 years of civil war. Many Lebanese families—and consequently the economy—rely on remittances coming from the Lebanese Diaspora. Although there is not a reliable number, Lebanese immigrants and descendants are spread all over the world; many retain strong ties and commitments to the country. They continue to send remittances to their immediate families but also want to participate in the development of their villages and areas of their mother land; the development of schools, hospitals, and small businesses in some of the areas of Lebanon in the past could be contributed to Lebanese migrants who built these institutions and offered them to the government or NGOs to provide the staff to administer and run the services or who decided to come back and live in the country.

However, Lebanon's economy remains vulnerable. It is highly connected to the region's economies; Lebanon's exports are mainly to the Gulf countries and the country relies on transit services to the Arab Gulf. The country cannot accommodate the supply of local labor that becomes a human capital export to the Gulf countries. Lebanon's geographical location at the sea and surrounded by Syria and Israel leaves the country with one exit through land: via Syria. Throughout the history between the two countries, including recent history, this reality was manipulated by the Syrian authorities during incidents of tension by suspending traffic or delaying transit services. In addition, domestic and regional politics, as well as civil unrest, further jeopardize the economy.

² The war broke out on April 13, 1975 and ended in 1990 through reconciliation imposed by foreign countries.

³ The latest was in summer 2006 between Israel and Hizballah.

APPENDIX C: IRB PROTOCOL



SYRACUSE UNIVERSITY
Institutional Review Board
MEMORANDUM

TO: Jeremy Shiffman
DATE: October 30, 2008
SUBJECT: Submitted for Expedited Review-Determination of Exemption from Regulations
IRB #: 08-317
TITLE: *How Do Non-Government Organizations React to the Shift in the Focus of Donor Agencies' Funding? Examining Decision-Outcomes in Lebanese NGOs*

The above referenced application, submitted for expedited review has been determined by the Institutional Review Board (IRB) to be exempt from federal regulations as defined in 45 C.F.R. 46, and has been evaluated for the following:

1. determination that it falls within the one or more of the five exempt categories allowed by the organization;
2. determination that the research meets the organization's ethical standards.

This protocol has been assigned to exempt category **2** and is authorized to remain active for a period of five years from **October 27, 2008** until **October 26, 2013**.

CHANGES TO PROTOCOL: Proposed changes to this protocol during the period for which IRB authorization has already been given, cannot be initiated without additional IRB review. If there is a change in your research, you should notify the IRB immediately to determine whether your research protocol continues to qualify for exemption or if submission of an expedited or full board IRB protocol is required. Information about the University's human participants protection program can be found at: <http://www.orip.syr.edu/humanresearch.html>. Protocol changes are requested on an amendment application available on the IRB web site; please reference your IRB number and attach any documents that are being amended.

STUDY COMPLETION: The completion of a study must be reported to the IRB within 14 days.

Thank you for your cooperation in our shared efforts to assure that the rights and welfare of people participating in research are protected.

Diane S. Young, Ph.D.
 Chair

Note to Faculty Advisor: This notice is only mailed to faculty. If a student is conducting this study, please forward this information to the student researcher.

DEPT: Public Administration, 215 Eggers Hall

STUDENT: Khaldoun Abou Assi

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 121 Bowne Hall Syracuse, New York 13244-1200
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SYRACUSE UNIVERSITY
Institutional Review Board
 MEMORANDUM

TO: Stuart Bretschneider
DATE: April 20, 2010
SUBJECT: **Amendment for Exempt Protocol**
AMENDMENT # 3: Change in Principal Investigator/Faculty Sponsor Change (Stuart Bretschneider replaces Jeremy Shiffman)
IRB #: 08-317
TITLE: *How Do Non-Government Organizations React to the Shift in the Focus of Donor Agencies' Funding? Examining Decision-Outcomes in Lebanese NGOs*

Your current exempt protocol has been re-evaluated by the Institutional Review Board (IRB) with the inclusion of the above referenced amendment. Based on the information you have provided, this amendment is authorized and continues to be assigned to category 2. This protocol remains in effect from **October 27, 2008 to October 26, 2013**.

CHANGES TO PROTOCOL: Proposed changes to this protocol during the period for which IRB authorization has already been given, cannot be initiated without additional IRB review. If there is a change in your research, you should notify the IRB immediately to determine whether your research protocol continues to qualify for exemption or if submission of an expedited or full board IRB protocol is required. Information about the University's human participants protection program can be found at: <http://www.orip.syr.edu/humanresearch.html>. Protocol changes are requested on an amendment application available on the IRB web site; please reference your IRB number and attach any documents that are being amended.

STUDY COMPLETION: The completion of a study must be reported to the IRB within 14 days.

Thank you for your cooperation in our shared efforts to assure that the rights and welfare of people participating in research are protected.

Kathleen King, Ph.D.
 IRB Chair

Note to Faculty Advisor: This notice is only mailed to faculty. If a student is conducting this study, please forward this information to the student researcher.

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Interview Protocol

Khaldoun AbouAssi
 PhD Student, Public Administration
 Maxwell School of Syracuse University
abouassi@maxwell.syr.edu

Preliminary questions/Informed Consent (see Appendix B)

Read to interviewee: defining NGOs and Donor Agencies

A donor agency is an organization that provides funding for projects of a certain nature. In general, there are three kinds of donor agencies: 1) national governments are the major donor agencies; they usually channel funds through their foreign aid departments (CIDA –Canada, DFID- United Kingdom, SIDA- Sweden, USAID- United States, and recently Delegations of the European Commission); 2) Multilateral agencies such as World Bank and UN agencies; and 3) international organizations and philanthropic foundations such as OXFAM, the Ford Foundation, and the Gates Foundation. This research focuses on the first type of donor agencies.

Traditionally, donor agencies have channeled funds through government agencies. Since the early 1980s, a growing amount of development money is being channeled through NGOs. NGOs have been the favored channel or alternative for four reasons: 1) they facilitate access to funds at the grass-roots level; 2) efficiency- these organizations are able to do the same job at a cheaper cost than the private sector and more efficiently than the bureaucracy; 3) NGOs' values suggest that they are natural vehicle towards inspired change; 4) 'discard costs' as NGOs could be easily discarded when donors decide on alter their obligations versus the complicated and binding formal relations with governmental institutions (Edwards and Hulme 1996, p. 962-4; Smith and Lipsky 1993, p. 44).

A donor agency usually sets its strategic objectives based on the local needs and the socio-economic and political conditions in a specific country. NGOs need financial resources for survival and for service delivery; donor agencies place a certain demand in the market; the NGOs act as suppliers of 'in-kind services'. In order to get out of this 'dependency trap', NGOs push for change from a 'supply-led' to a 'demand-led' framework of relationship where they could become partners. As donor agencies change their strategic objectives, they shift the bulk of their aids to fund programs and activities that best serve these objectives without necessarily completely abandon previous objectives. Local partner NGOs have to react to this change. Usually, the funding cycle is three years.

Based on this, the purpose of this research is threefold: 1) to evaluate the effects of change in the focus in donor agencies' funding on NGOs' mission and scope; 2) to classify NGOs' consequent categories into a conceptual framework; and 3) to understand the underlying reasons or existing conditions that shape such decisions.

Individual Background

First I would like to know about more about you and your role at _____.

1. Could you describe your current position and its tasks to me?
2. Could you tell me a bit more about your background and how you come to occupy your current position?
3. Why did you choose this line of work?
4. What do you think you shape the organization through your individual work?

Mission and Scope of Work

Next I would like to know more about (the organization the interviewee is working for).

5. How is the mission statement of the organization defined?
 - A mission statement can be general to allow the organization enough flexibility in work or it can be specific in order to focus efforts.
 - The mission statement can be defined and decided on by the board or the general assembly?
 - The mission statement can be closely or loosely tied/linked to the scope of work and activities being carried out by the organization.
 - a. In your opinion, does this mission play a powerful role in shaping _____'s activities?
 - b. What about shaping your personal day-to-day activities?
6. To the best of your knowledge, has the mission of _____ changed since its genesis?
 - If yes, how and why?
 - a. Each organization has a different mechanism to revise the mission statement; in some cases the process is easy and in others it is too complicated that the members might be inclined to establish a sister organization instead.
 - b. The process might also be frequent and tied to certain events and outside requisites. Tracking the revision of the mission statement is important for the research. Revealing the causes of such revision is critical.
7. What are the major tasks or projects that _____ is presently involved in?
8. How legitimate and credible does the organization perceive itself?
9. Does the organization have any mechanism of accountability towards its clients in place?
10. Who is the organization's main stakeholder? (Whom is the organization trying to serve?)
11. What is the number of professional staff running the organization?
12. How strong are personal contacts in ensuring successful work of the organizations?

Financial Dependency

13. How does the organization define/see financial autonomy versus financial dependency?
 - Is the organization financially dependent, autonomous, or stable?
 - The status can be described as a pendulum, unless the organization ensures a certain degree of sustainability of financial resources; the strategy towards such sustainability is of importance (seek more support, cut down on expenditures, reduce number of beneficiaries)

14. What are the major sources of operational and/or program funding?
 - How are decisions regarding resource allocation typically made?
 - How are these sources identified, approached and selected?
 - Who is the main donor among donor agencies?

15. Has funding typically been a challenge for your organization? If so, in what way?

16. How diversified are the financial resources of your organization?
 - Do you think a diversified basis of funding is useful and why so?
 - Are there other sources available but not tapped on?

Relationship with Donor Agencies

Next I would like to ask you some more specific questions regarding (the focus of my research).

17. How do you describe your organization's relationship with donor agencies?
 - Organizations look at donor agencies as partners, allies, or sources of financial or technical support.
 - Another interesting element is how the organizations think donor agencies look at and define them.
 - The key issues here are how the relationship has developed; how long and strong is it; has it changed?

18. What are the strengths and weaknesses in the relationship?
 - How would an organization build on these strengths or work on these weaknesses?
 - What changes should be introduced to the relationship if any?

19. How is the flow of communication between you and donor agencies?
 - NGOs are expected to submit proposals to secure funding; they are obliged to prepare periodic reports on the progress of work and financial expenditures.

Some NGOs are approached by donor agencies to consult with in a way or another on strategic objectives and revision of funding focus.

20. How do you respond to the changes in the donor agencies' funding?
 - A response in a certain way might result in positive feedback that the organization adapts the same response when in the same situation.
 - What was the main argument behind each alternative? What were the expected payoffs of the different alternatives?
 - Who were the key actors shaping the decision?
 - Were there any external forces or events at the time of the decision that you think pushed the decision forward? If the situation was the opposite, do you think the organization would have adopted a different decision?
 - What could be the consequences if another course of action were adopted?
 - How do you describe the relationship with the donor agency before and after the change?

21. How do you describe the impact of donor agencies on the community in Lebanon?
 - Donor agencies might be perceived as exploiting local community to push forward their local agendas; others are warmly welcomed. There might be various reasons behind these different perceptions; what are these reasons?

22. How do you perceive the relationship between donor agencies and the NGO sector?
 - The framework of the relationship is best described as 'supply-led' or 'demand-led' (*explain the concept if need be*)
 - NGOs are in a 'dependency trap'? (*Explain the concept if need be*)
 - NGOs work on changing the situation.

23. Do you think donor agencies help NGOs to better impact public policies in Lebanon?
 - NGOs become trained and empowered to approach authorities and work on shaping public policies.
 - Donor agencies ally with NGOs in advocating certain policies that meet their own agenda.

Informed consent

Pre-interview assurance that participation is voluntary

Respondents will be informed in the first introductory email that participation is voluntary. Here is a script for this introductory email:

Dear Mr./Ms. -----,

I am emailing you because of your expertise and experience with ----- . I found your contact information through -----.

My name is Khaldoun AbouAssi. I am a PhD student in Public Administration at the Maxwell School at Syracuse University, and my research is on the non-governmental organization NGO sector in Lebanon, focusing on the relationship with donor agencies. I would very much like to interview you in person as part of my research. My schedule is flexible so, if this is ok, you could pick a date and time for us to meet during the month of December 2008. I would expect the interview to take about one hour (potentially shorter depending on your interest and time constraints).

PLEASE NOTE: Your participation in this study is voluntary. You may decline to participate. If you decide to participate, you may decide to withdraw at any time, in which case any information you provided will be discarded. You may also choose not to answer certain questions.

If your response to this request is positive, the information you provide will be kept strictly confidential. Your name, the name of your organization, and any identifying information will not be associated with any of your responses. I would also appreciate your approval to record the interview. This makes it much easier for me to conduct the interview and minimizes the risk that I misrepresent your views. Again, strict confidentiality applies to the recorded information.

Below I am pasting a short description of my project, but I would be happy to provide you with more information. I am also attaching the interview questions and my CV, in case you want to know more about me.

You may also contact my faculty advisor Jeremy Shiffman¹ at jrshiffm@maxwell.syr.edu or (001) 315-443- 4928. Or, if you have further questions about confidentiality and research participant's rights, please feel free to contact the Syracuse University Institutional Review Board (IRB) at (001) 315-4430-3013 or orip@syr.edu.

Thank you very much for your time. I look forward to hearing back from you!

¹ There was a change in faculty advisor in April 2010. Modifications were made to the Interview Protocol and other related materials to reflect the change: Prof. Stuart Bretschneider, Associate Dean and President, Department of Public Administration, Email: sibretsc@maxwell.syr.edu; Tel: (001) 315-443-4000

Best regards,
Khaldoun

Khaldoun AbouAssi
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Campbell Public Affairs Institute
The Maxwell School at Syracuse University
306E Eggers Hall Syracuse, NY 13244
Email: abuouassi@maxwell.syr.edu Cell (US): (001) 315-879-2319 Mobile (Lebanon): (961) 389-2453

Arabic Translation

حضرة السيدة/ة:

أكتب إليك بسبب خبرتك ومعرفتك بجمعية . لقد استحصلت على عنوان الإتصال بك عبر

اسمي [خلدون أبوعاصي]. أنا طالب دكتوراة في الإدارة العامة في كلية [Maxwell] - جامعة [Syracuse].
يتركز بحثي على قطاع الجمعيات الأهلية في لبنان، وخاصة على العلاقة بينها وبين الجهات المانحة.

أود إجراء مقابلة شخصية معك كجزء من البحث الذي أجريه. جدول مواعيدي مرّن، ففي حال الموافقة على المشاركة في هذا البحث، الرجاء تحديد التاريخ والوقت المناسبين لنلتقي خلال لشهر كانون الأول 2008. أتوقع أن تستمر المقابلة حوالي ساعة واحدة (ومن الممكن أقل من ذلك وفقاً لدرجة إهتمامك ووقتتك).

الرجاء الملاحظة: إن مشاركتك في هذا الدراسة محض إختيارية. لك كل الحق برفض المشاركة. في حال قرّرت أن تشارك، يمكنك الإنسحاب في أي وقت، وفي هذه الحالة يتم تجاهل أيّ معلومة تكون زوّدتني بها. كما لك كل الحق بعدم الإجابة عن أي سؤال.

في حال كانت إجابتك على هذا الطلب إيجابية، سيتم حفظ المعلومات التي تزوّدتني بها بسريّة كاملة. لن يتم الربط بين إسمك الشخصي، أو إسم مؤسستك، أو أيّ شيء يبين هويتك وبين المعلومات الواردة. كما أقدر موافقتك على أن يتم تسجيل هذه المقابلة مما يسهل الأمور ويقلل من عدم الدقة في تفسير أرائك في ما بعد. أعود وأؤكد على تطبيق السرية الكاملة على المعلومات التي يتم تسجيلها.

في ما يلي وصف مختصر عن موضوع البحث الذي أجريه؛ كما يسعدني أن أزودك بالمزيد من المعلومات. كما ستجد أسئلة المقابلة ونبذة شخصية عني إن كنت تود معرفة المزيد.

من الممكن الإتصال بالمشرف على البحث د. Jeremy Shiffman² عبر البريد الإلكتروني jrshiffm@maxwell.syr.edu أو الهاتف 4928-443-315 (001). في ما يتعلق بأسئلتك حول السرية وحقوق المشتركين في الأبحاث، الرجاء الإتصال ب Institutional Review Board (IRB) التابع لجامعة Syracuse عبر الهاتف 3013-4430-315 (001) أو البريد الإلكتروني orip@syr.edu

مع جزيل الشكر،
خلدون أبوعاصي

² There was a change in faculty advisor in April 2010. Modifications were made to the Interview Protocol and other related materials to reflect the change: Prof. Stuart Bretschneider, Associate Dean and President, Department of Public Administration, Email: sibretsc@maxwell.syr.edu; Tel: (001) 315-443-4000

Oral consent before interview begins

This consent conversation will be recorded; however, if the interviewee declines to be recorded, the recording will be shut off immediately. Here is a script:

As we discussed before, this interview is voluntary. You may refuse to answer a question or withdraw from the study at any point. Also, the information you provide will be kept confidential and will not be linked to your name, the name of your organization, or any other identifying information.

Do you consent to this interview?

Is it ok to tape record this interview?

Do you have any questions for me before we start?

Arabic Translation

كما سبق وتم مناقشته سابقاً، هذه المقابلة إرادية. لك كامل الحرية برفض الإجابة عن أي سؤال أو الإعتذار عن المتابعة في أي لحظة.
إن المعلومات التي ستزودني بها تبقى سرّية ولن تقترن بإسمك الشخصي، أو إسم مؤسستك، أو أي شيء يبين هويتك.

هل توافق على إجراء هذا المقابلة؟

هل من الممكن تسجيل هذا المقابلة؟

هل لديك أي أسئلة قبل البدء بالمقابلة؟

Informed consent for participants in meetings and events that are observed

Direct observation will be restricted to meetings and events that are open to the public or to which Mr. AbouAssi is personally invited by the organizers; in any case, Mr. AbouAssi will get permission from the chair to attend and observe. Still, this script will be delivered orally before the start of the meeting:

Hello, my name is Khaldoun AbouAssi. I am a researcher from the Maxwell School of Syracuse University. My research is on the non-governmental organization NGO sector in Lebanon, focusing on the relationship with donor agencies. I am here because I am specifically interested in listening to your perspectives on the issue. I will simply observe and take notes.

Any information I obtain will be kept strictly confidential. This means that your name, the name of your organization, and any identifying information will not be associated with what you say here. If there is anything you say that you would like to exclude from publication (even under strict confidentiality), please let me know and the information will be discarded.

Feel free to ask me any questions about research participants' rights or about my research in particular. If you think of something later, here is a card with my contact information. On the back is contact information for my faculty advisor

and for the Syracuse University Institutional Review Board (IRB), to which you can address questions about research participant's rights. [HAND OUT CARD].

Arabic Translation

مرحباً، اسمي [خلدون أبو عاصي]. أنا طالب دكتوراة في كلية [Maxwell] - جامعة [Syracuse]. يتركز بحثي على قطاع الجمعيات الأهلية في لبنان، وخاصة على العلاقة بينها وبين الجهات المانحة. أنا هنا اليوم لأنني أرغب في معرفة رؤيتكم حول الموضوع. سأقوم بالإستماع إلى مناقشتكم وأخذ الملاحظات.

سيتم الحفاظ على أيّ معلومة ترد هنا بسريّة تامة. هذا يعني أنها لن تقترن بإسمك الشخصي، أو إسم مؤسستك، أو أيّ شيء يبين هويتك. في حال هناك أيّ شيء يرد في الحديث لا تود نشره (بالرغم من السرية المطلقة)، الرجاء إعلامي بذلك لكي أتجاهل المعلومة.

الرجاء عدم التردد في السؤال عن حقوق المشتركين في الأبحاث أو حول هذا البحث بالتحديد. في حال ورد أي شيء في بالك فيما بعد، إليك هذه البطاقة حول كيفية الإتصال بي، كما يمكن التواصل مع المشرف على البحث و Institutional Review Board (IRB) التابع لجامعة Syracuse في ما يتعلق بأسئلتك حول حقوق المشتركين في الأبحاث.

Pre-survey assurance that participation is voluntary

Survey takers will be informed in the introductory email that participation in the survey is voluntary. Here is a script for this introductory email:

Dear Mr./Ms. -----,

You have been randomly selected to participate in this survey due to your expertise and experience in the field of civil society in Lebanon.

My name is Khaldoun AbouAssi. I am a PhD student in Public Administration at the Maxwell School at Syracuse University, and my research is on the non-governmental organization NGO sector in Lebanon, focusing on their relationship with donor agencies.

Your participation in this survey will contribute to a better understanding of the relationship between NGOs and donor agencies and how that might impact development management in general- in terms of its quality and potentials.

You will be asked to complete a short survey about the kind and nature of the relationship between your organization and the donor agencies. Other questions are related to the lessons learned and the challenges perceived during the course of this relationship as well as from the management of developmental programs (whether based on your own experience or your knowledge and assessment).

PLEASE NOTE: Your participation in this survey is voluntary. You may decline to participate. If you decide to participate, you may decide to withdraw at any time, in which case any information you provided will not be saved and consequently discarded.

Responses to the survey will be strictly confidential. Your name, the name of your organization, and any identifying information are not required to complete the survey. Finally, all findings will be reported in aggregate across all participants.

The survey will take 15 minutes or less to complete. If you would like to complete the survey in **Arabic** please go to

http://www.surveymonkey.com/s.aspx?sm=2yLQgiX8L72hV9zIxpSi1Q_3d_3d . If you like to complete the survey in **English** please go to:

http://www.surveymonkey.com/s.aspx?sm=XIExw80vO7tYIxWxZmU6NA_3d_3d

If you are interested in receiving a copy of the summary report, please send a request by email to abuouassi@syrr.edu . I will be more than happy to share the results with you.

You may also contact my faculty advisor Prof. Stuart Bretschneider at sibretsc@maxwell.syr.edu or (001) 315-443-4000. Or, if you have further questions about confidentiality and research participant's rights, please feel free to contact the Syracuse University Institutional Review Board (IRB) at (001)315-4430-3013 or orip@syrr.edu.

Thank you very much for your time. I look forward to hearing from you!

Best regards,
Khaldoun

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Arabic Translation

حضرة السيدة/ة:

لقد تم انتقاؤكم عشوائياً للمشاركة في هذا الإستطلاع بناءً على خبرتك ومعرفتك في مجال المجتمع المدني في لبنان.

اسمي [خلدون أبوعاصي]. أنا طالب دكتوراة في الإدارة العامة في كلية [Maxwell] - جامعة [Syracuse]. يتركز بحثي على قطاع الجمعيات الأهلية في لبنان، وخاصة على العلاقة بينها وبين الجهات المانحة.

تسهم مشاركتك في هذا الإستطلاع في فهم أعمق للعلاقة بين هيئات المجتمع المدني والجهات المانحة وإنعكاس ذلك على إدارة التنمية بشكل عام. يتضمن الإستطلاع عدد محدود من الأسئلة حول نوع وطبيعة العلاقة بين مؤسستك والجهات المانحة وحول الدروس المستخلصة والتحديات التي يمكن أن تنتظراً على هذه العلاقة كما على إدارة البرنامج التنموية.

الرجاء الملاحظة: إن مشاركتك في هذا الدراسة محض إختيارية. لك كل الحق برفض المشاركة. في حال قرّرت أن تشارك، يمكنك الإنسحاب في أي وقت، وفي هذه الحالة لن يتم حفظ المعلومات ويجري تجاهلها بالكامل. سيتم حفظ المعلومات التي يتم إيرادها بسريّة كاملة. من غير المطلوب ذكر إسمك الشخصي، أو إسم مؤسستك، أو أيّ شيء يبين هويتك للمشاركة في هذا الإستطلاع. كما إن النتائج النهائية سيتم عرضها بالمجمل وليس بصورة فردية.

لا يستغرق ملء الإستطلاع أكثر من 15 دقيقة. في حال رغبت بالمشاركة، للغة العربية الرجاء زيارة الموقع:
http://www.surveymonkey.com/s.aspx?sm=2yLQgiX8L72hV9zIxpSi1Q_3d_3d
 للغة الإنكليزية، الرجاء زيارة الموقع:

http://www.surveymonkey.com/s.aspx?sm=XIExw80vO7tYIxWxZmU6NA_3d_3d

في حال الرغبة في إستلام نسخة من التقرير المختصر، الرجاء إرسال طلب عبر البريد الإلكتروني abuouassi@syр.edu. إذ يسعدني أن أشارك المعلومات المستخلصة معكم.

من الممكن الإتصال بالمشرف على البحث د. Stuart Bretschneider عبر البريد الإلكتروني sibretsc@maxwell.syr.edu أو الهاتف 315-443-4000 (001). في ما يتعلق بأسئلتك حول السرية وحقوق المشاركين في الأبحاث، الرجاء الإتصال ب Institutional Review Board (IRB) التابع لجامعة Syracuse عبر الهاتف 315-4430-3013 (001) أو البريد الإلكتروني orip@syр.edu

مع جزيل الشكر،
 خلدون أبو عاصي

Front and back of card:



Faculty advisor:³

Dr. Jeremy Shiffman, Associate Professor of Public Administration
jrshiffm@maxwell.syr.edu
 (001) 315- 443- 4928

For questions about confidentiality and research participant's rights, please feel free to contact the Syracuse University Institutional Review Board (IRB) at (001)315-4430-3013 or orip@syр.edu.

³ There was a change in faculty advisor in April 2010. Modifications were made to the Interview Protocol and other related materials to reflect the change: Prof. Stuart Bretschneider, Associate Dean and President, Department of Public Administration, Email: sibretsc@maxwell.syr.edu; Tel: (001) 315-443-4000

APPENDIX D: PROFILES OF THE FOUR NGOS

The following are detailed profiles of the four environmental NGOs that were the case studies of this dissertation. For confidentiality purposes, the names of the organizations are substituted with NGO1, 2, 3, and 4. Any reference to the organization and/or its partners in the direct quotations is edited.

NGO1: The NGO of 'NO'

NGO1 was established in 1991 after a long process of internal debate and discussions. A group of educated people from different backgrounds shared a common interest in sustainable development. The group extensively deliberated on the best way to approach the subject; forming a political party was a preference for some group members but was then dismissed, mainly due to the bad image associated with political parties during the civil war. The group decided on establishing an NGO and consensually agreed on its mission.

NGO1's mission is to ensure environmental suitability and the protection of natural resources through a scientific framework that is designed around engaging local communities and using all democratic means to express opinions and demands. NGO1 presents itself as a scientific organization that conducts lobbying and advocacy activities based scientific evidence and arguments.

The members then had to debate the best approach to apply the mission. Some members believed in empowerment and grassroots work, where the organization only sets a broad framework; others were interested in policy change and enforcement, requiring more active involvement through designing projects with specific duration, focus, and objectives. One of the founders recalled the early history of the organization saying, " We did not necessarily see eye to eye on the approach. The interest was then to find a balance between the two approaches. However, our grassroots work has not been very stable and diminished over since it requires certain readiness, mentality, structure, and mechanism" (Interview #1).

NGO1's projects address environmental hazards, the exploitation of natural resources, air pollution and climate change, which directly threaten natural resources, public environment, and human health. In many of these projects, NGO1 conducted scientific research and studies and provided technical assistance through its specialized members and volunteers. Many of these projects are implemented at the local level through engaging and empowering local communities. In addition, NGO1 is actively engaged in lobbying and advocacy campaigns against government policies, ministerial decisions, and private sectors projects based on the conviction that a better and safe environment is a core human right.

NGO1 has a mixed vertical and horizontal structure. There are a general assembly and an elected administrative committee. Membership is open without any conditions. Currently, the NGO1 membership base is 100 members. The administrative committee is composed

of 7 elected members. The turnover in leadership is noticeable. Five different people headed the organization over 17 years, which is not very common among Lebanese NGOs. Currently, a male member heads the organization, supported by a group of highly educated people who bring their expertise to the organization. Decisions are made after extensive deliberation and through voting, if necessary.

All NGO1's activities are managed by a team headed by a coordinator. Each team is composed of volunteer members and enjoys a full authority over the activity. "We want decisions to be bottom-up coming from the people working on the ground. Those people participate in and shape the decision-making process and then implement the work. We do not want NGO1 to be run by one or two people", explained one of NGO1 founders (Interview #1). As such, NGO1 considers its members and volunteers to be its major stakeholders; their participation in the work of the organization is formalized through the horizontal structure of activity teams.

NGO1 adopts a major principle: it is a voluntary association. Volunteerism is recognized as a value in the mission and work. Volunteers contribute to a great extent in managing and implementing any medium or small-size projects. This allows the organization to implement these projects without any external funding or donor support. In big projects, funding covers costs of scientific studies and logistics (materials, publications, equipment). NGO1 does not overload the budget with paid staff. Currently, NGO1 runs a small team of 3 paid staff. An NGO1 member commented, "We want to avoid becoming institutions of staff and projects, where the board is a power arena and people are benefitting from employment" (Interview #7).

However, the reliance on volunteers exposes the capabilities NGO1 enjoys. There is a critical drop in the number of committed and serious volunteers working for NGO1. In some cases, the administrative committee members had to step in and take over projects that were managed by volunteers who no longer could commit to the organization. This created an ongoing debate within NGO1 on the role and level of involvement of volunteers. Some members wanted to sustain the volunteerism spirit and practice. Other members were more concerned with the credibility of the organization in implementing its activities. One of the founders reflected on the situation,

They were convinced of moving into institutionalizing NGO1 which would transform our approach into designing projects, running after funding, and hiring staff. Volunteerism would become secondary. It would not be easy to maintain the momentum of volunteerism when you are busy running several projects with paid staff (Interview #1).

However, this debate has not been settled, and NGO1 is still caught up in this grey area.

According to NGO1 members, the organization aims to adopt best practices in the work of NGOs. First, the organization is adamant about the principles and values it follows in its work. These are the determinants of its legitimacy and the pillars for its accountability. As much as the organization adheres to these values, it proves its credibility. Second, NGO1 voluntarily follows certain self-regulation mechanisms such as a code of conduct and formal standards. Third, NGO1 recognizes the importance of transparency in its

work; information is accessible to all members and reports are published publicly and online. Fourth, NGO1's work is guided by an annual plan; activities are designed and conducted based on scientific studies and needs assessments. The organization revisits its policies, activities, and working guidelines and procedures through frequent strategic planning. "This is very normal in the work of NGOs since it interacts and reacts to its surrounding environment where change takes place all the time and in all fields, not only just pure environment, but also in the social, economic, and humanitarian arenas" an NGO1 member explained (Interview #15).

The fact that NGO1 relies on volunteers in its work relieves the organization from considerable financial burden. NGO1 is not in a dire financial situation. The organization considers that it has been able to reach an impact with the limited internal resources, and external resources are not essential to sustain its work. Internal sources are from membership fees as well as considerable individual donations. According to an interviewed member, "Members are convinced of NGO1's mission and the principles. They donate more than the membership fee. The dilemma is that we do not want to accept a substantial donation from a specific person because we do not want that to influence our decision" (Interview #7).

NGO1 first approached donors when the members believed the organization built its credibility through work and achievements. The number of external donors varies from one year to another, but NGO1 does not constrain itself to a limited pool of donors. Two distinctive aspects in selecting donors are noticed. First, there is a clear preference to work with philanthropic foundations and, to a lesser extent, international organizations. NGO1 secures funding from eight donors, including only three bilateral. Second, NGO1 has developed an unwritten policy on donor funding based on its principles and values; the policy stipulates that the source of funding should not be a contributor to pollution, or have a political agenda, or violate human rights and social justice. The administrative committee screens donors based on these criteria, debates the subject, and then votes on which donors to approach with a project proposal.

This elaborate process of deciding on and approaching donors necessarily yields a relationship based on mutual benefit, capacity building, and exchange of ideas. NGO1's donors are perceived as partners. "When our agendas are compatible, objectives of funding match our goals, and donor's plans accommodate our programs" (Interview #7). However, although NGO1 aspires to strengthen the relationship with donors into partnerships, donors do not continuously involve NGO1 in their consultations and planning strategies, and NGO1 continuously evaluates its relations to ensure autonomy and credibility.

Besides the organization's critical policy on donor funding, NGO1 has been involved in a confrontational relationship with government, politicians, and the private sector. NGO1 goes after the private sector for its abuse and violation of the environment. It condemns the government for its disability and compliance. It also condemns politicians for exploitation and interest in narrow political gain. One of the founders portrayed the general picture,

Unlike other NGOs, it is the essence of the role of NGO1 to raise its voice. If there is a problem, you do not just talk about the problem or who causes the problem or hinders the solution. If you have the ability to find a solution and to influence your surroundings towards making a change, then you should be proactive. We point out the problem and the responsibilities regardless of who and where (Interview #1).

As such, NGO1 does not see much value or interest in building strong relations with other NGOs. These relations are sporadic, limited to short-term campaigns on emerging environment problems, and channeled through international (and a few national) networking bodies. The media, on the other hand, is sympathetic to NGO1 and is more likely to support its efforts, especially when there is a media hit.

As this brief description shows, interviewed members and external observers jointly agree that NGO1 maintains a reputation of being the NGO of NO: NO compromise, NO concession.

NGO2: An Institutionalized NGO

NGO2 was formed in the early 1990s as a response to an urgent situation at a very local level. A group of energetic youths decided to join efforts to work on the situation. The work was voluntary and not formally organized. It was based on trial and error, focusing on very specific issues, such as plantation and forest firefighting.

The efforts of the group were successful and attracted attention. Different neighboring communities contacted the group for support. The group started doing more projects in different areas addressing the same issue. The group members decided on becoming a formally recognized NGO with a certain specific vision aiming to protect natural resources through fighting forest fires and planting trees.

A few years later, the group started to carry out projects and activities beyond the immediate scope of the original interest. An NGO2 member elaborated on the history. “The work evolved over time; it was smooth, natural and demand-driven. People were following our progress and satisfied with it. There was a vertical change, if you want to call it that, as well as a horizontal change. We started doing more advanced projects other than basic planting and we expanded into other geographical areas” (Interview #6). At the same moment, the organization benefited from the personal connections of its members within the public sector and with international donors, and the process of expansion was exacerbated. The member added,

We are growing at a rapid pace as if we are drowning. There are things that consume you so much. We cannot just drop everything and focus on internal issues when all stakeholders (people, ministers, donors) are interested in cooperating and working with us. In such a situation, you would put your internal management on hold and work on the broader issues. It is the time for change and not management (Interview #26).

In brief, NGO2's portfolio outgrew its immediate mission and internal managerial capabilities. The organization had to reorganize itself internally, rethinking what it was doing in order to focus on the broader picture of its mission rather than on the narrow specifics of the projects and practical issues in which it was caught. This internal process of reorganization was incremental and happened in different stages. At the beginning, minor changes were introduced to the work approaches, and then to the name of the organization. Finally the objectives were changed to reflect the actual work. An NGO2 member reflected on the process saying,

The mission did not change but was updated and clarified. We started as an environmental NGO and I think we still are. However, our perspective changed as we grew and our experience broadened. We now understand the interrelatedness between environment and everything else. NGO2's mission is the protection, conservation of natural resources in partnership with local communities, taking into account the quality of livelihood of these communities (Interview #6).

The process was characterized by its collaborative nature, where the whole organization, including its staff and volunteers, was involved in providing their perspective and reaching a consensus by its internally-driven incentive. Members of the organization stress that the process was a voluntary internal initiative and did not come as a response to any external pressure or demand. One member considered that from the outside, people did not see any difference in their work but NGO2 was conscious about what was happening and wanted to pause and organize themselves. "The people working on the ground were the most interested in moving this process forward because they were experiencing what they were doing compared to what they want NGO2 to be doing", added another member (Interview #26).

NGO2 stakeholders are considered to be the local communities the organization partners with in most of its projects. These local communities include a diverse group of direct or indirect beneficiaries, depending on the project, but they are part of the general public NGO2 aims to serve. The stakeholders are actively involved in projects in two different ways. First, NGO2 involves the local communities in a Participatory Rural Appraisal (PRA) to gather information about needs, situations, and possible solutions. An NGO2 member commented, "This is how we start to envision possible projects to implement in this village based on what was proposed by most of the villagers. It is different from a prefabricated project people do not understand. The project will definitely fail" (Interview #6). Second, this local participation in the earlier stages of projects is institutionalized into voluntary units established to follow-up on implementation of the work.

Their perception of accountability tends to reflect this reality. NGO2 representatives consider their organization to be accountable to the stakeholders. The sensitivity to local needs and the bottom-up initiatives allow the local communities to follow-up on the work of the organization and to hold its staff responsible for the implementation and results. However, perceptions of credibility and legitimacy do not necessarily align with those of accountability. Legitimacy is associated with effectiveness through commitment to achieve and deliver. A member of the organization explained, "When we decide to do

a project, we are really on the ground; we deliver something tangible and do not just sell ideas. The deliverables of all our projects, as well as those external, are up to our own standards” (Interview #26). In turn, credibility is perceived as the NGO public image, measuring the ability of the organization to present itself as successful and a reference in the field. “ Everyone knows us; local NGOs want to work with us and government agencies and international organizations approach us for funding and consultations. It is hard to find a project we are not a part of” (Interview #2).

NGO2’s structure is based on a general assembly that elects an administrative committee for a three-year term. Membership of the general assembly is open to the public without any conditions. Currently, the general assembly has 50 members. The administrative committee appoints an executive who heads the administrative staff. The turnover of leadership is relatively high with the current executive, a professional female with graduate level of education and an old member of the organization since its establishment, serving for two terms.

Responsibilities are clearly divided with administrative committee members assigned to specific tasks or to oversee certain projects, assisted by 20 full-time staff and short-term project-based external consultants. However, the work is being carried out in a collective manner where everyone is involved and feels part of a big team, according to members of the organization. Voluntary self-regulation mechanisms guide the work; these mechanisms include public reporting, a code of ethics, and performance standards and appraisal. As mentioned earlier, the members of the general assembly take part in making strategic decisions, in the presence of an influential leadership, but are less involved in decisions related to project design and implementation. Here, NGO2 adopts a quasi-decentralized system where decisions are made by the administrative committees and then implemented by units of around 500 volunteers around the country. These units have certain autonomy in their work within the broader framework defined by the administrative committee. For example, these units conduct the PRA and then, under the supervision of a staff person, work on projects the administrative committee considers a priority for funding.

Currently, NGO2 is running ten projects focusing on protection of natural resources: forestation, conservation, advocacy, awareness, and some income-generating and ecotourism projects. As mentioned earlier, these projects are the result of both a demand and analysis expressed through the PRA process. The projects fit within a broader annual plan and are part of a long-term strategy the organization has developed and periodically revised. One of the interviewed members elaborated,

We do not copy-paste our projects; what works in one area does not in another. However, we work by long-term strategies. We need indicators to guide the work and help avoid any problems in the future whether coming from changes in policies or lack of funding. When you know what you want, you will be able to avoid most problems (Interview #26).

Most of NGO2’s projects are donor-funded. Nevertheless, NGO2 is not necessarily donor-dependent or driven. It does enjoy a certain degree of autonomy, with promising

potentials of financial self-sustainability. First, NGO2 has 9 donors, without being reliant on one more than others (almost equal percentile distribution). The director explained, “Diversity of funding is key to our success. Any disagreement with one of three donors means at least one third of our budget is suspended. With multiple donors, the total budget might still be the same but we are not as much at risk” (Interview #2). Second, NGO2 is among the few NGOs in Lebanon that has launched income-generating projects. The organization runs three projects that are currently self-financing, anticipating they will contribute to the administrative costs of the organization in the short to long run. “We think like a business”, said an NGO2 member,

Businesses make capital investment; we do the same. We are very conscientious about our ability to survive without the external funding which is like begging to a great extent. We launched several income-generating projects that will make us self-sustainable and less dependent on a donor and at the mercy of fluctuating donor interests in granting us some funding (Interview #6).

Third, NGO2 has a well-developed and active fund development strategy in place. The organization made an investment in its human capital and took a risk hiring and retaining staff whose sole responsibility is to look for financial resources, match funding requirements with organizational objectives, and develop competitive grant proposals. The organization tapped corporate social responsibility and approached the private sector with ideas for partnership and support. Several companies and businesses are responsive and currently contribute to NGO2.

Such a strategy places NGO2 in a unique position vis-à-vis its donors. Interviewed members admitted that in the beginning, the organization had to struggle while looking for funding. Lately, the situation is balanced out. NGO2 still pursues funding sources and submits grant proposals. Donors also approach the organization for consultations, available funding, or brainstorm project ideas. This balanced situation empowers NGO2 to deal with the donor in a more open way. Donors are perceived as partners. The director commented,

Our relationship with donors has evolved; they are not the money makers who give you money when you knock on their doors. Donors have objectives. We do too. As the objectives meet, we become partners. Although donors might want to support smaller NGOs, we are involved together and they look at us as a reference. We worked hard to build this trust and we continue to value this ongoing relationship although sometimes donors’ prerequisites and requirements were cumbersome. However, we were able to adapt and be transparent and professional with them (Interview #2).

As mentioned earlier, personal relations were able to open doors for NGO2 in the public sector and to facilitate linkages with government agencies. The organization enjoys a very healthy relationship with the government. Various ministries, especially the Ministry of Environment (MOE), are keen to collaborate and support NGO2. The interviewed members relate this to the organization’s credibility, which bestows confidence in achieving impact and deliverables. Other external observers do not deny the factor of personal contacts. Coupled with support from donors and partnership with the media,

NGO2 has been able to play a very active role in the national policy arena. The organization is engaged in continuous dialogue with government and has been working on formulating public policies and plans in partnership with several public agencies.

NGO2 tries to engage other organizations in its dialogue with the government as well as in its projects. The organization highlights the value and importance of inter-organizational cooperation and support. While local networking is not particularly favored, the interviewed members of NGO2 strongly believe that the strength and success of their organization is not going to be sustained unless a broader change takes place through collective action and not separate initiatives. Other NGOs do not cause any competition. Relationships are based on respect, support, and partnerships. It is in their interest to strengthen the capacity of other NGOs. NGO2 was the first to set-up a consortium of NGOs to work on a big-funded environmental project. As the executive director explained, NGO2 does not establish a working unit in areas where other local organizations are working but rather partners with these groups. Finally, NGO2 uses an open donor policy with these NGOs, providing assistance through their connections with donors and even helping them get funding.

The accumulation of organizational and relational factors distinguishes NGO2 from the other researched organizations. NGO2 thinks as and aspires to be an institution more than an NGO.

NGO3: An NGO of A Struggling Commitment

NGO3 is the result of a natural progression of the founders' involvement at the local level. After the civil war (1975-1990), several ad-hoc committees were formed between local municipalities and the civil society to manage public service provision in the areas. Several civil society activists contemplated the idea of transforming their involvement with municipalities into an organized form; however, they were hesitant. The situation was very sensitive at the local level as people were politically divided. The life span of NGOs functioning at that time was short and several organizations became either inactive due to internal disputes or affiliated with a family or a political party, ultimately excluding all others.

Upon the formal registration of the NGO, interest grew rapidly. More than 100 people wanted to form and join the NGO. However, one of the founders said, "There was high enthusiasm but no clear awareness or knowledge on what the NGO was to focus on" (Interview #11). "We were trying to find our niche by working on almost everything like exhibitions and trips, awareness activities on using water and garbage disposal, and a small irrigation project. I believe these activities had primitive and generic environmental aspects", another member elaborated (Interview #16).

For several years, NGO3 remained small focusing on the very local level and doing secondary basic activities that were not necessarily related to environment. At the same time, the organization started to witness internal disputes, as originally feared. Some of the members wanted to use the NGO as a platform for personal interests and establishing a good reputation. One of the remaining founders explained, "Some members were not

serious or credible in their intention to be involved and serve and work for the NGO. Some of the founders never attended any meetings and the quality and mentality of people was not up to my aspiration” (Interview #11).

Less than 10 years after its genesis, NGO3 passed through a critical phase threatening its existence. Several members, including some of the six main founders, started to drop out. There was a serious consideration to dissolve the organization; however, things took a different course when a group of young people joined NGO3 bringing in expertise and specialization and a clear perspective on what the NGO should do and how it should be run. “By then, people who wanted to leave had left. We held elections and started the real work. That was the rebirth of NGO3”, the founder recalled (Interview #11).

NGO3 was then able to redefine a focused mission towards developing environmental awareness. The organization started implementing projects serving this mission directly and in a more scientific manner. NGO3 now focuses on awareness campaigns and implements environmental projects funded by international donors and organizations. The advocacy efforts are more localized, targeting municipalities, unless channeled into national coalitions, which bring together several NGOs working on particular issues. NGO3’s impact on national public policy depends on its contributions to the efforts and sources of such coalitions.

The second turning point in the organization’s history was its success in stopping a construction project from being implemented. The project had negative implications on the environment. NGO3 launched a lobbying campaign that brought together citizens, local groups, and national NGOs to oppose the project. The efforts were fruitful and the project was cancelled. An NGO3 member stated, “That gave us a big boost and push in our work; everyone started to take us seriously and we proved we knew what we were doing” (Interview #16).

NGO3 representatives identify the organizational stakeholders as the direct beneficiaries of their projects. The member elaborated, “ They are the people we interact and deal with. They benefit from the goals of the projects as well as from the employment and business opportunities projects provide” (Interview #16). Accordingly, the stakeholders are the source of legitimacy for NGO3. As the founder explained, “NGO3 focuses on the needs of the people and works for their best interest. They are interested in our projects and feel we represent them” (Interview #11). Nevertheless, this perception of legitimacy does not necessarily reflect on perceptions of accountability or credibility. Both accountability and credibility are external. NGO3 representatives consider that although their organization represents and works for the beneficiaries, people do not care or know how to hold any organization accountable due to the lack of a culture of accountability in the Lebanese society. Accountability is usually towards the donors and the government, to a lesser extent. The good reputation among donors and international organizations is the main indicator of NGO3’s credibility. NGO3 adopts a code of conduct as a voluntary standard of self-regulation to enhance its own accountability and credibility.

The organizational structure of NGO3 is not different from any other NGO in Lebanon. Membership is open to everyone without screening or prior approval. Currently, a general assembly of 60 members elects an administrative committee of 7 members for a two-year term. The president of the administrative committee also serves as the head of NGO3; the same person, a male with a graduate degree, has been elected as president for more than five terms. The other members of the executive committee have clear jurisdictions and perform their tasks under the supervision of the president. However, members are involved in the decision making process since the meetings of the administrative committee are open to everyone. Decisions are made with agreement and consensus by everyone. “We did not reach any stage where we had to vote”, an NGO3 member explained (Interview #16).

NGO3 does not recruit any paid staff. The president explained, “ Besides the lack of enough resources, Lebanese regulations do not encourage us to hire. The law requires the NGO to pay social security for any staff on the payroll even if we do not pay them and they do not benefit from the social security service. So, we only recruit for the period of a project” (Interview #11). NGO3 compensates the lack of full-time staff with the time and efforts of members who are professional experts and highly specialized in specific environmental fields and domains. This relieves the organization from contracting or relying on external experts when projects require such resources. In addition, NGO3 relies on volunteers and interns for the implementation of basic activities.

NGO3 relies on the knowledge and expertise of its members to determine the local needs and the types of projects it needs to implement. Unfortunately, the organization has not carried out any scientific needs assessment or strategic planning exercises. Projects are implemented on an ad-hoc basis when an idea is identified and funding is secured, and not according to any annual plan. The organization does not publish annual reports, besides those reported to members of the general assembly. The use of technological resources is also very basic. NGO3 does not have a social media presence.

NGO3’s financial situation depends on projects. In general, NGO3 is financially independent. Membership fees are used to cover the basic costs of office rent and utilities (electricity and phone) and the organization’s website. NGO3’s president noted, “We do not have administrative costs to seek funding to cover. If we have projects we work on them and if there are no projects, we do not have expenses” (Interview #11).

NGO3’s annual budget ranges between \$150,000 and \$300,000. All projects are implemented through donor grants. However, NGO3 has a limited pool of donors, mostly bilateral donors. The NGO3 member reiterated, “If we write a good proposal and get funding, we can say we have money; otherwise we do not. We keep looking and apply for funding since we would like to have more funding to do more projects” (Interview #16). NGO3’s president admitted that,

The organization does not have any fund development strategy. Donation depends on the initiatives and contributions of the members. Finding a donor is a challenge. We need someone trained and specialized in looking for funding and writing good proposals. The information of available donor funding might not

always be accessible. There are only few in a closed circle that know about the funding, how to apply for and get a grant to fund projects (Interview #11).

NGO3 relations with donors are described as both formal and correct. The NGO develops proposals and then implement approved grants according to donors' requirements and procedures. The donor is strictly perceived as a donor. Such perception is reinforced by three factors. First, NGO3 has never been approached by any donor for consultations on local priorities. Second, NGO3 criticizes donors on their focus on administrative requirements rather than on the idea and impact. As NGO3 president stated,

Funding standards and criteria are so different between donors and sometimes between grant programs of the same donor. If I am applying for funding, I will be more focused on these criteria than on my own project. There is a need for us to work not just according to the criteria but also with the criteria. You cannot change or amend or discuss. It is like you are dealing with a bank and taking a private loan (Interview #11).

Third, personal relations are downplayed, as they are often associated with political affiliations and connections. NGO3 prefers to be portrayed as apolitical or politically independent.

NGO3's relations with other external actors are conditioned by its human capacity, available resources and projects, and strong interest in remaining independent. NGO3 does not necessarily perceive the government as an adversary. The president discussed the opinion towards the government saying, "The work of NGOs is important but should not take over the responsibility of the government. We created parallel or substitute agencies during the civil war. This should be over now. NGOs should be supporting the government and monitoring its activities" (Interview #11).

NGO3's relationship with the private sector and media is underdeveloped, based on sponsorship and reporting on activities. The relationship with other NGOs is limited to exchanging support and coordinating on specific environmental issues. NGO3 is yet to establish any partnerships. The organization is more active in identifying national and international networks although the experience is not very rewarding. A member commented, "A network is supposed to bring together functional and successful organizations. Most networks in Lebanon do not have such organizations and are captured by political and personal agendas. Eventually, what remains of a network is the net to strangle with and you lose the work" (Interview #16).

NGO3 has been struggling since its genesis. Financial resources are not the only problem. Members have to deal with basic organizational challenges. Nevertheless, commitment to the organization and its mission has been renewed throughout its history.

NGO4: The NGO of A Ruling Core

NGO4 was established in the mid 1990s by a group of professionals with technical background working on issues related to the environment and sustainable development with various international organizations. "As friends, we were discussing some of the challenges we faced in our jobs; we knew what was needed and had several creative ideas

that someone should do something about. So we thought that with our technical expertise we would have the advantage to do a better job than what we were seeing out there”, explained one member of NGO4 (Interview #17).

NGO4’s mission statement was set up from the early beginning based on the technical background of the founders. The mission focused on promoting environmental development to ensure sustainable development. The NGO executed projects on solid waste and environmental awareness at a local level. The youth was the main target group of these projects and there was a clear intention to involve the youth throughout the project, from the initiation of the idea to the implementation of activities.

Not too long after the establishment of the NGO, several of the founding members went their own way and became less involved in the work of the organization. The bulk of the responsibilities was handled by two people: a president who played a more ceremonial role and a member who was more active and actually managed the NGO. That was the key turning point in the history of NGO4. After that, the organization continued its work and started to branch out its activities without any changes in its governance and management structure. As the activities of the organization expanded, there was a need to attend to two issues: first, the mission, which was perceived to be too technical; and second, the leadership of the organization.

NGO4 took adopted a unique approach to these issues. The mission was neither changed nor revised. The founder explained,

We did not change it but I can say we framed it in a certain way by developing slogans for the organization based on discussion between the president and myself. Slogans like quality of life and people’s well-being are clearer and easier and appealing to the public and can be understood. I believe we just changed the words but retain the same meaning (Interview #13).

On the other hand, the organization chose a new executive committee. The two founding members retained their positions: a president heading the organization for formality purposes and a member practically doing most of the work.

Currently, NGO4 has less than 30 members forming its general assembly. Membership is restricted, requiring both invitation and endorsement by a current member and approval of the executive committee. The executive committee is elected for a period of three years. As explained earlier, the same two people (both well-educated males) have been elected for several terms or the ratio of turnover in elected offices does not exceed 50% at every election. Responsibilities are not clearly distributed among members of the executive committee according to assigned positions. Such a set-up paves the way for an influential leadership to practice tight control over decisions. However, it does not allow for much opportunity to involve members in the process or for any self-regulation mechanism to be effective.

The same person manages all programs assisted by two full-time paid staff, project-based part-time employees and expert consultants, and several volunteers when needed. The organization lacks strategic and annual plans and has not conducted any needs

assessment. Project ideas come up through brainstorming or even personal experience. “We develop the idea further into a proposal and then look for funding. Sometimes it works and sometimes it does not. Once you score then things roll”, explained a member of the organization (Interview #17). Most of the work of NGO4 is project-based with awareness as a key component in many of these projects. The NGO works in various domains including health, social services, good governance, the environment and democracy. However, as the member admitted, “NGO4 has been shy at the public policy front. Other NGOs are working on legislation and advocacy but we have many projects that do not allow us to be involved with these issues but rather prefer us to work on practical issues” (Interview #17).

NGO4 considers the public in general as its main stakeholder. The founder identifies stakeholders as “Those who we intend to serve and design our projects and activities based on their needs. They are not just the people who directly benefit from a specific project but those who are impacted directly or indirectly with our work as much as they influence our future programs. NGO4 works for the public and not any specific group” (Interview #13).

However, this romanticized identification of stakeholders does not materialize itself into any mechanism to ensure accountability to the general public or to involve the public in the work of the organization through a participatory approach. On the contrary, accountability is basically upwards to donors to whom the NGO usually submits any of its reports. Legitimacy is perceived as the ability to implement projects effectively and efficiently—regardless of impact and sustainability. Credibility is assessed through the rate of securing additional grants from donors.

NGO4’s financial health depends on projects and the ruling core. Membership fees add to a small amount of the annual budget, which reaches around \$200,000. All projects are funded through bilateral donor grants due to the absence of any strategy to attract alternative funding. An NGO4 member explained the situation saying, “We are a good NGO but we cannot do big projects unless there is a donor. However, no donor will finance your overhead all the time. That is why NGO4 is financially stable as long as the president and I contribute to cover expenses. There are no projects that generate income” (Interview #13).

The relationship with donors is project-based. Donors have financial resources and follow specific guidelines to fund projects. The NGO4 president elaborated:

We cannot find donors all the time and no one donor can finance you all time.

When we are working with a donor, there are certain guidelines that I believe hinder the work. There are continuous reviews of objectives and requirements as well as lots of restrictions including branding and visibility. The communication with the donor is ongoing but is at a certain level and might be slowed down many times (Interview #13).

Furthermore, donors are not perceived as partners. Donors are not involved in project details. A member of the organization noted, “no matter how much you try, donors keep a distance. A partner on the other hand, has major input. A partner follows up with

activities, gives and shares ideas and feedback and links you with other people” (Interview #17).

Contrary to the developed relationship with the media, which is progressing into a partnership, based on mutual agreement and joint efforts, NGO4 maintains a low-key profile in its interaction with other NGOs. The founders did not utilize their personal and professional contacts to connect their organization with other NGOs working in the field. This resonates with the justification for establishing the organization in the beginning (‘to do a better job’), which reflects a certain distrust in the capacities and performance of other NGOs. On the other hand, the relationship with the government, and MOE are bitter sweet. The MOE had lent financial and moral support to NGO4’s projects in the past. According to the founder, “NGO4 always aspires to a more developed relationship. Environmental NGOs rely on MOE and MOE knows that NGOs should be its partners of the policy making process. MOE needs to have the right structure and capabilities, to be the transparent and participatory channel for donor funding to NGOs, and to host all NGOs morally and financially giving them a certain presence and voice” (Interview #13).

In brief, a ruling core captures NGO4, with one key person managing the operations and making decisions in consultation or coordination with one or two other members.

APPENDIX E: SURVEY QUESTIONNAIRE

A Study on the Status and Needs of Environmental NGOs in Lebanon In coordination with the Ministry of Environment August-September 2010

Dear Madam/Sir:

In reference to the enclosed letter from His Excellency Minister of Environment, In recognition of the role and leadership of the civil society in the development process in Lebanon, and in my capacity as a doctoral candidate at the Maxwell School of Syracuse University, New York, I proposed to the Ministry of Environment to conduct a comprehensive and scientific study on the status and needs of Environmental NGOs working in Lebanon.

This study fits the principal objective of the Ministry of Environment: to enhance the relationship with civil society organizations working on the environment in Lebanon, through understanding the status, activities, and needs. Here it is important to refer to the letter of H.E. Minister of Environment that indicates that the Ministry shall rely on this study to prepare its strategies and plans.

Therefore, the cooperation of your organization in providing the complete required information is critical. The gathered information on status and needs of environmental NGOs will be used to enhance dialogue and direct communication and ensure partnership with the Ministry of Environment; to set certain standards and classifications towards better efficiency and transparency; and to develop mechanisms for planning and strategic collaboration between the Ministry of Environment and your organizations.

The letter addressed to you from H.E. Minister of Environment reveals the possibility of convening a special meeting with your organizations in the coming few months. The purpose of the meeting will be to present a detailed report on the results of this study and its key findings, and then to proceed to develop practical recommendations and adopt of appropriate frameworks for implementation. Therefore, once again, the cooperation of your organization is very essential.

Your organization will be receiving two versions of the study questionnaire, on the addresses included in the list prepared by the Ministry of Environment. You feel free to choose which version you prefer to complete.

- A. The first version of the questionnaire is sent via Libanpost. Please complete the form by hand and then place it in the return envelope that is included in the package you receive. The return envelope is prepaid. This means your organization does not need to incur any cost for positing. Please drop the return envelop at any LibanPost office.
- B. The second version of the questionnaire is sent via e-mail. If you wish to complete this electronic version, you can either:

1. Download the attached file, complete the form and then return it to us via e-mail: EnvStudy@gmail.com
Or
2. Access the following link (in Arabic): [Http://www.surveymonkey.com/s/envstudy](http://www.surveymonkey.com/s/envstudy)

We hope your organization participate in this study and urge your to complete the questionnaire in full and send it to us no later than 30 September 2010, so that we could have enough time to prepare for special meeting referred to above. Our team will follow up the progress. We will contact your organization to provide assistance and support. Also feel free to contact us by phone 03-269041 or e-mail: EnvStudy@gmail.com.

Again, we appreciate all the effort and great work you are doing,

With many thanks,

Khaldoun AbouAssi and the Team

The Study on the Status and Needs of Environmental NGOs in Lebanon

Deadline: September 30, 2010

All information and data collected in this study are strictly used to produce general statistical results and tables about Status and Needs of Environmental NGOs in Lebanon.

Any information pertaining to a specific individual or organization shall remain confidential, pursuant to the provisions of Decree Law No. 155 date 03/24/1942 which

States that such information is “considered confidential and only used to prepare statistics tables, and no other individual or department can have access to” (Article III),

AND

Determines punishment of any violations of confidentiality set forth in the regulations in force (Article IV)

A Study on Environments NGOs in Lebanon

-Questionnaire-

Instructions

Please download this file and save it on our computer. Then provide your responses in the highlighted areas. Kindly answer all questions according to the official documents of your organization (registration document, bylaws, annual reports, budget, etc.); when such documents are not available, please rely on your best judgment based on your knowledge and experience working with/for the NGO.

This questionnaire includes 50 questions divided into six major sections. Most questions require either specific quantifiable (numbers) or Yes/No answers. The few remaining questions are open-ended; please use the space provide for your answer and any extra space if needed.

In general, the expected time for completing of this questionnaire is three hours pending the availability and accessibility of files and information.

GENERAL INFORMATION

Name of the NGO:

Mission and Vision:

.....

Region: Beirut Mount Lebanon North Beqaa South Nabatiyeh

District: **City/Town:**

Phone number: **Mobile Number:**

Name of the Person completing this questionnaire:

His/her position in the NGO:

Does the NGO have offices? Yes (please specify) Rent Owned property No

Total number of branches (including main branch), if any:

Web site:

Does the NGO use: Facebook LinkedIn Twitter Chat, blog YouTube

Number of computers (including laptops) currently in use

A. ORGANIZATIONAL STRUCTURE

1. Number of current members of the NGO (Please specify a number)	Male	Female	Total

2. Are there any special conditions on membership?	Yes (Proceed to Question 3)
	No- Membership is open (Skip to Question 4)

3. Please state the conditions	
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4. What are the responsibilities of the General Assembly of the NGO? Please specify:	
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5. Besides participating in the General Assembly, do members play other roles in the NGO?	Yes (Proceed to Question 6)
	No- (Skip to Question 7)

6. Please specify the role of members in general	
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7. Frequency of meetings of NGO bodies, if applicable (Please indicate with X)								
The Body	No	Weekly	Monthly	Quarterly	Semi-annually	Annually	Biennial	Other
General Assembly								
Board of Trustees/Directors or equivalent								
Administrative/Executive Committee								
Specialized Committees								
Founding Assembly								

8. Decision-making process in NGO bodies, if applicable (Please indicate with X)						
The Body	Majority	Overwhelming majority	Agreement	Consensus	No vote	Other
General Assembly						
Board of Trustees/Directors or equivalent						
Administrative/Executive Committee						
Specialized Committees						
Founding Assembly						

9. Composition of NGO bodies, if applicable (Please specify or indicate with X)				
The Body	Number of Members	Method of selecting members	Term of Service	Last elections
Board of Trustees/Directors or equivalent		<input type="checkbox"/> Appointment		
		<input type="checkbox"/> Rotation		
		<input type="checkbox"/> Election		
Administrative/Executive Committee		<input type="checkbox"/> Appointment		
		<input type="checkbox"/> Rotation		
		<input type="checkbox"/> Election		

10. Organization of NGO bodies, if applicable (Please specify or indicate with X)			
Body	Record/Minutes Keeping	Years of Record keeping	Records are available
Board of Trustees/Directors or equivalent	<input type="checkbox"/> Yes (Proceed to next box)	<input type="checkbox"/> 1Year	<input type="checkbox"/> for members
	<input type="checkbox"/> No (Skip to Administrative/Executive Committee)	<input type="checkbox"/> 2-5 years	<input type="checkbox"/> to the public
		<input type="checkbox"/> 6 or more years	
Administrative/Executive Committee	<input type="checkbox"/> Yes (Proceed to next box)	<input type="checkbox"/> 1Year	<input type="checkbox"/> for members
	<input type="checkbox"/> No (Skip to Question 11)	<input type="checkbox"/> 2-5 years	<input type="checkbox"/> to the public
		<input type="checkbox"/> 6 or more years	

11. Is the NGO committed to a particular ideology (religious, political ...)?	<input type="checkbox"/> Yes	<input type="checkbox"/> NO
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12. Does the NGO follow/apply any of the following practices (Please indicate with X)		
	YES	NO
A code of ethics/conduct		
Accreditation and Certification		
Performance evaluation mechanisms		
Accountability and Disciplinary mechanisms		
Formal standards		
Benchmarking		
Other self-regulation mechanism		

13. In your opinion, what influences decision-making in your NGO? (Please choose the appropriate answer)	<input type="checkbox"/> A strong leadership
	<input type="checkbox"/> Importance of/presence of compromise
	<input type="checkbox"/> Need for agreement
	<input type="checkbox"/> A collective decision/approval

14. Your NGO is credible and legitimate. In your opinion, how does your NGO define/measure credibility and legitimacy?	
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15. Does your NGO face any constraints/obstacles that hinder its work?	<input type="checkbox"/> Yes (Skip to Question 15)
	<input type="checkbox"/> No (Proceed to Question 16)
16. What are these constraints/obstacles? (Please choose all applicable)	<input type="checkbox"/> Internal management
	<input type="checkbox"/> Lack of necessary expertise
	<input type="checkbox"/> Lack of financial resources
	<input type="checkbox"/> Lack of human resources in general
	<input type="checkbox"/> Lack of volunteers
	<input type="checkbox"/> Lack of technology
	<input type="checkbox"/> Difficulty in dealing with government
	<input type="checkbox"/> Inability to meet the needs of target groups
	<input type="checkbox"/> Difficulty to access target groups
	<input type="checkbox"/> Lack of understanding of the nature of NGO work
<input type="checkbox"/> Others:	

B. HUMAN RESOURCES

17. Information on Categories of human resources in the NGO (Please specify)				
Category	Number	Number of Males	Number of Females	Enrolled in Social Security
Full-time employees				<input type="checkbox"/> Yes
				<input type="checkbox"/> NO
Part-time employees				<input type="checkbox"/> Yes
				<input type="checkbox"/> NO
Volunteers				<input type="checkbox"/> Yes
				<input type="checkbox"/> NO

18. Information on NGO senior officials of (Please specify)					
Position Holder	NA	Gender	Level of Education	Total years of experience	Number of years in the NGO
President of the NGO		<input type="checkbox"/> Male			
		<input type="checkbox"/> Female			
Executive Director		<input type="checkbox"/> Male			
		<input type="checkbox"/> Female			
Fund Development/Financial Officer		<input type="checkbox"/> Male			
		<input type="checkbox"/> Female			

19. Information on human resources management (please specify)		
	NA	YES
Staff Management		<input type="checkbox"/> Special unit
		<input type="checkbox"/> Designated Person in charge
Volunteer management		<input type="checkbox"/> Special unit
		<input type="checkbox"/> Designated Person in charge
Staff Record time		
Human Resources Management System/Software		Specify:.....

20. Does the NGO hire services of external experts/consultants?	<input type="checkbox"/> Yes (Proceed to Question 21)
	<input type="checkbox"/> No (Skip to Question 23)
21. Number of external experts/consultants in 2009	
22. Please specify the field of expertise of external experts/consultants	

23. Information on training courses for NGO staff in 2008-2010			
Subject of training	# of participants in previous sessions	No training	Training Needed
Needs Assessment			
Fundraising			
Strategic Planning			
Fund Development			
Volunteer Management			
Ethics in NGO work			
Project Sustainability			
Proposal Writing			
Organizational Development			
Risk/Crisis Management			
Human Resources Management			
Team Building			
Project Cycle management			
Budgeting/Accounting			
Conflict Resolution			
Communications			
Institutional analysis			
Leadership			
Record Keeping			
Customer Relationship Management			
Entrepreneurship			
Collaboration/Networking			
Marketing			
Quality Management			

C. NGO WORK AND PROGRAMS

24. Groups benefiting from NGO programs and activities (Please select all applicable)	<input type="checkbox"/> NGO members only
	<input type="checkbox"/> A specific Cause
	<input type="checkbox"/> A specific group
	<input type="checkbox"/> A specific town
	<input type="checkbox"/> A specific area
	<input type="checkbox"/> All Lebanon
	<input type="checkbox"/> Other:.....
25. Does the NGO use any mechanisms to involve beneficiaries in its programs and projects?	<input type="checkbox"/> Yes (Proceed to Question 26)
	<input type="checkbox"/> No (Skip to Question 27)
26. What are these mechanisms?	
27. Does the NGO prepare an annual work plan?	<input type="checkbox"/> Yes (Proceed to Question 28)
	<input type="checkbox"/> No (Skip to Question 30)
28. Who/which body prepares the work plan?	
29. Who/which body approves the work plan?	
30. Does the NGO publish periodic reports on its programs? (Please choose and select all applicable)	<input type="checkbox"/> Monthly reports
	<input type="checkbox"/> Quarterly reports
	<input type="checkbox"/> Annual reports
	<input type="checkbox"/> Prepared but not published
	<input type="checkbox"/> No reports

31. Please provide information on the NGO's 3 MAJOR projects carried during the specified years? (For any ongoing project, please indicate the start and completion dates)

Year	Project Name	Project Classification*	Budget and Sources of funding**	Percentage of funding from each source	Implementing Partners	# of direct beneficiaries
2005						
2006						
2007						
2008						
2009						
2010						

*Example: social services, rights, development, environment

**Please list all if more than one- including internal sources

D. FINANCIAL RESOURCES

32. NGO's Annual budget for the following years	
Year	(In Lebanese pounds)
2010	
2009	
2008	
2007	
2006	
2005	

33. What is current membership fee? (in Lebanese pounds)	
34. Who/which body prepares the budget?	
35. Who/which body approves the budget?	
36. What is the number of annual financial reports the NGO produces?	<input type="checkbox"/> None (Skip to Question 39) <input type="checkbox"/> Please specify the annual number:
37. Who/which body prepares these financial reports?	
38. Who/which body approves these financial reports?	
39. Does the NGO often publish its budget and financial reports?	<input type="checkbox"/> Yes (Proceed to Question 40) <input type="checkbox"/> No (Skip to Question 41)
40. How does the NGO publish its budget and financial reports? (Please choose all applicable)	<input type="checkbox"/> Through the media
	<input type="checkbox"/> Through publications and other means of communication
	<input type="checkbox"/> Upon specific requests from individuals outside the NGO\
	<input type="checkbox"/> Distribute copies only to NGO members
	<input type="checkbox"/> Other:

41. Information on management of financial resources (please specify)		
	NA	YES (Please select)
Financial management		<input type="checkbox"/> An independent unit
		<input type="checkbox"/> A designated person
		<input type="checkbox"/> A treasurer
		<input type="checkbox"/> A treasurer also responsible for accounting
External Auditor		
Fundraising		<input type="checkbox"/> A special committee/unit
		<input type="checkbox"/> A designated person in charge
Financial records		
Records of assets and holdings		
Financial resources management system/software		Specify:.....

42. Please identify the NGO's sources of funding			Percentage of annual budget					
Source	NO	Yes	2005	2006	2007	2008	2009	2010
Member Fees								
Income-generating activities (sales or services)								
Fundraising campaigns								
Individual donations								
Local Philanthropies/Foundations								
Private sector								
Assistance from municipalities								
Government Contribution								
International donors								

E. INSTITUTIONAL RELATIONS

43. Forms of cooperation between NGO and Government agencies (please indicate with X)						
Government Agency	NO	Yes				
		Financial support	Joint Projects	Technical support/ Training	Patronage	Follow-up on programs
Ministry of Environment						
Ministry/Agency						
Specify:.....						
Ministry/Agency						
Specify:						
Ministry/Agency						
Specify:						

44. Does the NGO work with other NGOs on joint projects?	<input type="checkbox"/> Yes (Proceed to Question 45)
	<input type="checkbox"/> No (Skip to Question 46)
45. Please list these NGOs (Partnerships)	

46. Is the NGO member in any international/regional/national/professional networking bodies?	<input type="checkbox"/> Yes (Proceed to Question 47)
	<input type="checkbox"/> No (Skip to Question 48)
47. Please specify these networking bodies	

48. Classification of Institutional Relations (Please provide your personal assessment)		
	Networking	Partnership
In your opinion, how does the NGO define/understand		
In your opinion, what is the purpose of:		
In your opinion, what are the characteristics of:		
In your opinion, what are the challenges facing:		

49. Description of institutional Relations (Please indicate with X)					
	Strong	Weak	Average	No answer	No relations
Ministry of Environment					
Other government agencies					
Private sector					
International donors (international organizations, foreign embassies, foreign government agencies ...)					
Other NGOs					
Networking bodies					

50. Assessment of Institutional Relations (Please indicate with X)						
	Very positive	Somehow Positive	Average	Negative	Very negative	No relations
Ministry of Environment						
Other government agencies						
Private sector						
International donors (international organizations, foreign embassies, foreign government agencies ...)						
Other NGOs						
Networking bodies						

F. FUTURE ASPIRATIONS

How do you perceive the NGO role and work in the future? What are the requirements for that role?

What does the NGO need from the Government in general and the Ministry of Environment in particular? How can the Ministry of Environment support your NGOs?

Thank you for your cooperation in this study on the Status and needs of Environment NGOs in Lebanon.

Please save this form and send it to us via e-mail: EnvStudy@gmail.com

Please place this form in its envelop and return the envelop to us through any LibanPost office. This is a prepaid service. You do not required to buy any stamp.

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EDUCATION

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ACADEMIC RESEARCH AND PUBLICATIONS

- **International Development Management through a Southern Lens (2010).** *Public Administration and Development Journal*, 30(2): 116-123. <http://bit.ly/vb1ecs>
- **NGOs' Hands In Donors' Pockets: What Happens When Donors Move! How NGOs React To Shifts In Donor Funding?** *Nonprofit and Voluntary Sector Quarterly*, OnlineFirst <http://bit.ly/HTiJK>
- **Understanding Local Participation amidst Challenges: Evidence from Lebanon in the Global South**, with Deborah Trent. Forthcoming, VOLUNTAS
- **Understanding Characteristics of Partnerships As A Form of NGO Inter-Organizational Relations.** Under Review, *Public Administration Review*
- **Lebanon Country Profile (2007).** In CIVICUS Global Survey of the State of Civil Society, edited by V. Finn Heinrich. Kumarian Press, Inc, Bloomfield, CT.
- **Lebanese Civil Society: A Long History of Achievements, Facing Decisive Challenges Ahead of an Uncertain Future (2006).** International Management and training Institute, Lebanon.

- **Perceptions and Practices of Accountability: Evidence From Lebanon In The Global South** (in progress)
- **The Interaction Effect between NGO Accountability and Responses to Donor Funding** (in progress)

CONFERENCE PAPERS AND PRESENTATIONS

- **Citizen Participation in Public Administration: Views from Lebanon**, a conference paper by Khaldoun AbouAssi, Tina Nabatchi and Randa Antoun at the 2011 American Society of Public Administration Conference, March 2-6, 2012, Las Vegas, NV
- **Citizen Participation in Development**, a presentation at the New Forms of Social Movements Colloquy, ARNOVA's 40th Annual Conference, Nov. 17-19, 2011, Toronto, Canada
- **NGO-Government Relations Relative to Donor Funding**, a conference paper at ARNOVA's 40th Annual Conference, Nov. 17-19, 2011, Toronto, Canada
- **Non-Governmental Organizations' Self-Regulation A Multi-theoretical Perspective**, a conference paper at ARNOVA's 40th Annual Conference, Nov. 17-19, 2011, Toronto, Canada
- **How Changes In Donor Funding Shape NGOs' Impact On Public Policy?**, a conference paper at the 33rd Annual APPAM Research Conference, Nov. 3-5, 2011, Washington, DC
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- **How Do Non-Governmental Organizations React To The Shift in The Focus of Donor Agencies' Funding? Hirschman's Typology in Application**, a conference paper presented at ARNOVA's 38th Annual Conference, Nov. 19-21, 2009, Cleveland, Ohio
- **Inter-organizational Relationships of Transnational NGOs**, a conference paper presented by Khaldoun AbouAssi, Ines Mergel and Hans Peter Schmitz at the 31st Annual APPAM Research Conference, Nov. 5-7, 2009, Washington, DC

- **Incentives for Collaboration in Networks - An Experimental Analysis of the Role of Performance Information.** A conference paper presented by Stuart Bretschneider, Tina Nabatchi, Rosemary O'Leary, Khaldoun AbouAssi, Yujin Choi, and Tayyab Walker at the 10th Public Management Research Conference, Oct. 1-3, Columbus, Ohio
- **What Is The Global Health Agenda And How Would We Tell If An Issue Is On It?** A conference paper presented by Jeremy Shiffman, David Berlan, Khaldoun AbouAssi, Ben Elberger, Amy Cordero, and Tim Soper at the International Studies Association's 50th Annual Convention, Feb. 15-18, New York City
- **The Ministry of Municipal and Rural Affairs: a Master's Thesis Dissertation:** the status and future prospect of the ministry in charge of local affairs in Lebanon, aiming to grasp the various administrative and political factors and considerations ruling the establishment and the performance of such a ministry, and then to come out with some academic objective, but yet applicable, proposal; supported by literature review, case studies from other countries, field work and interviews

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- **Teaching Assistant** for the MPA course on Public Administration and Democracy, Department of Public Administration, the Maxwell School of Syracuse University. Participated in course planning (syllabus development, material preparation, readings selection); served as guest lecturer; coordinated role-play stimulation exercise; graded assignments
- **Teaching Assistant** for the Doctoral Seminar on Organizational Theory, Department of Public Administration, the Maxwell School of Syracuse University. Contributed to syllabus development and readings selection and served as guest lecturer
- **Trainer on citizen participation** for civil servants in Lebanon; training delivered by Syracuse University's Program for the Advancement of Research on Conflict and Collaboration (PARCC) and funded by United States Agency for International Development
- **Trainer on fund development** for NGOs in Lebanon; led a group of professionals in training delivered funded by United States Agency for International Development
- **Trainer on volunteerism and collaboration** for NGOs in Lebanon; training delivered by Syracuse University's Campbell Public Affairs Institute and funded by the United States Agency for International Development

TEACHING INTERESTS

- Nonprofit theory, governance, finance and management
- Development management
- Development theory and discourses
- Collaboration- partnerships and networks
- Comparative public administration
- Qualitative methods

ACADEMIC SERVICES

- **Manuscript reviewer** for Nonprofit and Voluntary Sector Quarterly
- **Manuscript reviewer** for VOLUNTAS: International Journal of Voluntary and Nonprofit
- **Associate Editor**, Journal of Development & Social Transformation, a publication of the Development and Social Transformation Forum at the Daniel Patrick Moynihan Institute of Global Affairs- the Maxwell School of Syracuse University

ACADEMIC AWARDS

- 2011** Academy of Management- Public and Nonprofit Division's Doctoral Consortium
- 2010** Visiting Scholar with the Institute for Middle East Studies at George Washington University
- 2010** Dissertation fellowship, Department of Public Administration- Syracuse University
- 2010** Consortium on Qualitative Research Methods' Institute for Qualitative and Multi-Method Research Scholarship
- 2009** George Washington University - CIBER Summer Doctoral Institute for Research and Study on Institutions & Development Fellowship
- 2009** Yabroudi/Middle East Studies Summer Research Grants Award
- 2007-2010** Spencer D. Parratt Endowed Scholarship

PROFESSIONAL RESEARCH

- 2011** Designated as the coordinator of the policy forum on the status of environmental NGOs in Lebanon, in coordination with the Lebanese Ministry of Environment, to present research findings and develop policy recommendations to be adopted by the Ministry and organizational strategies to be implemented by NGOs
- 2011** Participated in a study to restructure the Ministry of Interior and Municipalities in Lebanon for *UNDP*
- 2010** Participated in an institutional capacity assessment study for *Knowledge Dev.* funded by *UNDP*, to improve the capacity of municipalities, cooperatives, SMEs, and women and youth organizations in South Lebanon
- 2010** Served as an expert consultant on a capacity assessment project of Lebanese government entities for the planning and implementation of the Millennium Development Goals, executed by *Knowledge Dev.* funded by *UNDP*
- 2010** Participated in a study on municipalities in Lebanon for *SUNY-Lebanon*

- 2006-8** Designated as peer reviewer of the *International Budget Partnership's* Open Budget Questionnaire for Lebanon, Yemen, Egypt and Morocco
- 2007** Participated in a study on Lebanese youth's perspectives on leadership, citizenship, identity and future, for the *Catholic Relief Services*
- 2006** Participated in a research exercise towards launching a national dialogue on corruption in Lebanon, an initiative by *UNDP and Lebanese Transparency Association*
- 2005-6** Designated as the participatory researcher responsible for drafting Lebanon country report on the state of civil society as part of the Civil Society Index, an international action-research project coordinated by *CIVICUS: World Alliance for Citizen Participation*
- 2005** Participated in preparing a report on best practices in governance innovation in Lebanon to be presented at a regional Meeting on "Sharing of Best Practices in the Mediterranean region" as a part of *UNPAN* project on Innovation in Public Administration in the Euro-Mediterranean Region
- 2004** Participated in assessment study of *INTERNEWS* regional training and capacity building program
- 2004** Participated in drafting three short booklets on transparency, corruption and accountability as a part of *Lebanese Transparency Association* project
- 2003** Participated in the assessment of several *YMCA* projects in Lebanon in the fields of vocational and technical training, youth development and participation, and developmental services

PROFESSIONAL EXPERIENCE

AMIDEAST

Beirut, Lebanon

Training Department Director (*full time, Jan.-Aug. 2007*): Managed a portfolio of \$1 million-budget programs; launched four new fee-based courses- including PMP courses- and five trainings funded through USAID's Professional Training; developed partnerships with two local universities to host participants in USAID's Iraq National Capacity Development Program; set-up CISCO internship (US-Lebanon Partnership's Workforce Development) and recruited the first cohort of 15 young professionals; launched Middle East Partnership Initiative (MEPI) local alumni and recruited coordinator

Project Officer (*full time, April 2001-Dec. 2006*): Worked on the US Agency for International Development funded Transparency and Accountability Grants' Project; assessed more than 100 grant applications; monitored around 40 projects; identified best practices and potential project ideas; advised on external environment; participated in developing strategic and contingency plans

Project Manager (*full time, January 2005-April 2006*): Managed the US Department of Labor funded ACCESS Child Labor Project; developed the content and design and launched a tri-lingual website; developed a large regional database of individuals and organizations interested in the issue; organized 6 regional workshops, and meetings; mentored and provided guidance to team members and interns

Embassy of South Korea

Beirut, Lebanon

Political Advisor and Public Relations Coordinator (full time, August 2000-March 2001):

Advised Ambassador and other diplomats on major political and economic developments in Lebanon and Syria; managed embassy's media and public relations; organized Embassy's activities; represented Embassy in official ceremonies

Office of Minister of State for Administrative Reform OMSAR

Beirut, Lebanon

Job Evaluator (full time, August 1996-August 2000): Worked on the World Bank's 'Position

Classification Project' in the "Institutional Development Unit". Interviewed Lebanese civil servants of different grades and categories; evaluated current jobs; developed new classification of positions in the Lebanese administration along with job descriptions; reported on administrative and organizational problems; proposed new schemes for tasks and mandates

Program Assistant (part time, November-December 1999): Worked on the EU funded ARLA Project for the Rehabilitation of the Lebanese Administration; surveyed organizational, financial, administrative and technical conditions of various public institutions; developed preliminary and inception reports for discussion with senior management and policy-makers

PROFESSIONAL TRAINING

- Organizational performance reporting
- Means of combating corruption in the public sector in developing countries
- Financial and managerial procedures in Civil Society Organizations
- SMEs' Financial reporting and good corporate governance
- Professional ethics and code of conduct for community workers
- Gender, citizenship, and participatory governance in the Arab Region
- Archiving and record management
- Job description and training
- Team up for success

PROFESSIONAL ASSOCIATIONS

- Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA)
- Academy of Management (AOM)
- American Society for Public Administration (ASPA)
- Public Management Research Association (PMRA)
- Association for Public Policy Analysis and Management (APPAM)
- Association for Middle Eastern Public Policy and Administration (AMEPPA)- member of the Provisional Executive Committee
- United Nations Public Administration Network (UNPA)
- SU Middle East Working Group
- American University of Beirut Alumni Association (AUBAA)