

**RESPONDING TO ENVIRONMENT:
THE EXPERIENCE OF STRATEGIC PLANNING OF NON-GOVERNMENTAL
ORGANIZATIONS IN HONG KONG**

A Thesis submitted for the degree of Doctor of Philosophy

by

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ABSTRACT

In recent years, non-governmental organizations (NGOs) in Hong Kong have been facing tremendous challenges and demands from both the external environment and internal administrative mechanisms. Regarding the external environment, Hong Kong is facing a major political change in 1997 as its sovereignty will be returned to Mainland China. However, it is perceived that there are many differences in both the conceptions and the administrative systems of both Hong Kong and China. In view of the task environment, as opposed to the general environment, the Social Welfare Department is now conducting a 'subvention review' exercise. Such an exercise attempts to re-examine the current funding arrangements and the partnership relationship between the government and the NGOs. Service contracts between the funder and the service providers are recommended as the future mode of operation in the subvention policy. In addition, the NGOs will also be required to conform to a list of performance standards which are categorised into four major dimensions, namely, the provision of information, service management, the management of clients and a respect for clients' rights. Not only the rise of managerialism, but public accountability and the empowerment of clients are also perceived as prominent issues affecting the administrators.

Based on a research study conducted by the author, this paper will examine the above issues in detail. It also examines the value orientations of the social work administrators in the voluntary sector during their decision-making processes. Various organization theories such as contingency theory, political economy and resources dependency perspective are adopted as the organizing framework for the analysis. Patterns of service development and patterns of management development have been constructed after examining twenty-five voluntary organizations. Four domains of strategic planning and management are covered in the study, including Domain Enlargement mode, Domain Enhancement mode, Domain Restructuring mode and Domain Reduction mode. A questionnaire was also constructed in order to examine the views of the chief executives in terms of their choices of strategies and approaches in responding to environmental changes, with respect to the organizational attributes, including organization size, complexity of service nature, religious background, and level of subvention from government funding.

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In this thesis, little attempt has been made to subject the names of the voluntary organizations to social disguise as senior members of staff interviews were well aware of the nature, scope, purpose and eventual distribution of completed work. I wish to thank those have helped to materialise the ideas contained in this thesis. Their support is deeply appreciated. A special note of thanks goes to Dr. Leonard Davis, my thesis supervisor. Without his unreserved support, encouragement, and guidance, I would otherwise not able to complete this thesis. I would also like to thank Professor Maurice Kogan, my second supervisor, for his kindness, inspiration and guidance during the whole research process. I am also indebted to my wife who shows great concern and encouragement that mean so much to me.

To Zarina

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CHAPTER ONE

INTRODUCTION AND SCOPE OF STUDY

A. BACKGROUND

This thesis is about how non-governmental organizations (NGOs) manage strategic changes in time of an unstable environment. The idea arose when the author worked in Toronto as a supervisor in-charge of a residential home, and one day, the senior administrators of the agency suddenly called an emergency meeting about working out the 'strategies' of cutting the expenditure of different units because the agency was suffering from financial difficulties. A long list of approaches was recommended, such as a decrease in the use of part-time staff, contracting with a main food supply company in order to get a better discount, an increase in the intake of residents in order to ensure the stability of subvention and so on. However, an impression was gained that the 'strategies' were very short-sighted and reactive, rather than pro-active. They looked only at the immediate problems, but had no long-term planning to pave the way for success.

On returning to Hong Kong in 1992, similar issues were observed, but, on this occasion, they were of a different nature. Subsequently, organizational change and transformation have become 'hot topics' in the social welfare service of Hong Kong. The ultimate goals and objectives of the organizational change and transformation are to ensure that the organizations of the social service scope with the demands and expectations of the community and become more accountable to public funds. For Hong Kong, there is another important issue that affects the whole territory, which is the issue of 1997, that is, the return

of the regime to Mainland China. In order to cope with the changes and uncertainties, voluntary organizations are making efforts to manage this unpredictable future. However, organizational change and transformation of social service organizations do not arise from a vacuum. Colleagues in the social service field have to go through a process or a 'journey' in order to pave the way for successful organizational change and transformation.

It is the aim of this thesis to discuss the 'what', 'why' and 'how' questions in achieving organizational response in coping with an uncertain and ever-changing environment by analysing the experience of adopting the strategic planning and management approach among the non-governmental organizations of Hong Kong. The first objective, therefore, is to examine the extent to which the current theories on strategic planning and management explain the situation of strategic decision-making and changes as observed. Secondly, an explanation is developed to conceptualize the modes of adaptation in managing strategic changes that arise from the analysis of case studies of a number of different non-government organizations. In this study, in-depth case interviews were conducted and a data-base of a number of non-governmental organizations was created in order to examine the adaptations made, both in terms of services and managerial mechanisms, in order to respond to the changes outside. In addition, both the process and content of the strategic plan are discussed. Conceptualization is also made and four different modes of strategies (Domain-enlargement; Domain-enhancement; Domain-restructuring; and Domain-reduction) are created, based on the data collected in Hong Kong.

B. Public Sector Reform: The Case of Health Care Reform

Before discussion about the situation in the voluntary social services sector, it is important to examine the other public services in Hong Kong. In responding to the ever-changing demands and the need for an improvement in the quality of the health care service in Hong Kong, it must be noted that the health care delivery system in the territory has undergone rapid changes since 1991. The new administrative mechanism, the Hospital Authority, was formally established in 1991 in order to co-ordinate the work of thirty-nine (now forty-one) government or subvented hospitals in Hong Kong.

Dynamic changes have been made in Hong Kong's public health system during recent years. One of the many major changes is the nurturing of a patient-centred culture. In her speech at the Open Ceremony of the Convention' 95 organized by the Hospital Authority, the Chief Secretary of the Hong Kong Government, Mrs. Anson Chan, described the rapid changes which are taking place in hospital services as an example of the dynamic nature of Hong Kong itself. "Since its establishment almost four years ago, the Hospital Authority has persevered in its efforts to reform our health care system and to cultivate a patient-centred care service culture." Mrs. Chan noted. She further added that " steps are taken to enhance community participation and to devolve management responsibilities have placed the Authority in a much better position to plan and adjust its services in response to community needs." (Hospital Authority Newsletter, Issue 15, 2/1995)

Sir S.Y. Chung, a former Chairman of the Hospital Authority, also opined that "Anyone will find much improvement in hospital services and the hospital environment today. Of course, we are not complacent, and will continue to strive for better and more

efficient and effective hospital services." (Hospital Authority Newsletter, Issue 15, 2/1995)

Sir S.Y. Chung also said that the authority and responsibility for its management have now been decentralized. At the same time, mechanisms to monitor operations and control costs are being devised and implemented. " The Authority is a huge and complex organization with thirty-nine hospitals (currently forty-one), forty-two thousand staff and an annual recurrent budget of sixteen billion Hong Kong dollars. It will understandably take time to do the fine tuning and reach maturity. There may be or will be some difficulties and pitfalls during the process of change, but we firmly believe that our direction is right ". However, Sir S.Y. did not elaborate on the nature of the difficulties that he mentioned.

On the same occasion, the Chief Executive of the Hospital Authority, Dr. E.K. Yeoh, mapped out the major initiatives the Authority is taking to transform its structure and services. The fundamental goals of the transformation are (i) to introduce the idea of a seamless health care system; and (ii) to introduce the idea of an internal market in the health care service. In his keynote speech, Yeoh (1995) outlined as follows the initiatives which the Hospital Authority is pursuing in order to transform the public hospital services :

a) **Result-oriented Management Processes**

In the area of strategic management, the Authority has adopted a focused, resulted-oriented approach. Its business planning processes are centred around the Annual Business Plan, which maps out the major programme initiatives, key result areas and specific targets to be achieved. The proposals of individual hospitals and the output from the community are also incorporated into the Business Plan.

b) Improvement of Hospital Products and Services

Two key dimensions are being used to define the quality of hospital products and services. The first is the development of a set of 'clinical care outcome indicators' covering all the major specialties which are now being used to monitor and evaluate the quality of clinical care. These include the use of length of stay in hospital and utilization management, that is, the mechanism of improving the use of resources and hospital beds. The second dimension is the assessment of the degree of patient satisfaction with the evaluation of standards of comfort, convenience, communication and counselling service that are being received.

c) Care in the Community

The health system is now evolving into one which promotes health and prevents disease. A number of community specialist outreach teams have been established for geriatric, psycho-geriatric and severely mentally handicapped patients. These teams are formed to provide continuity of care, early diagnosis, and an evaluation of the particular problems of patients in these client groups. The network between hospital care and services in the community is thus now being developed further.

d) Reorganized Hospital Management System

Each hospital is accountable to its own Governing Committee and to the Hospital Authority Head Office (HAHO) for the management of the hospital. The role of the Head Office is to provide strategic direction, to assess and plan for the overall needs of the community, to coordinate hospital services, to initiate continuous quality improvement (CQI) initiatives, and to provide expertise and support to hospitals. The new style of management

emphasises the delivery of integrated quality care by multi-disciplinary teams, supported by clinical management. The value of information systems and technology in hospitals is also recognized and the new database and hospital data communication network will form the basis for a patient-centred information superhighway covering the entire Hong Kong community in the near future.

e) **Accountability and Governance**

The Authority's Annual Business Plan is the primary tool by which the Authority's accountability to the Government and community is maintained. In addition, the Authority also submits a consolidated annual report to the Government, which is tabled in the Legislative Council. The Director of Audit has the statutory power to examine any organization's efficiency and economy. The new value system has been the driving force in the transformation which is taking place in hospitals. This transformation will enable hospitals to anticipate and respond to the changes constantly taking place in the environment.

All the changes as indicated above focus on the internal effectiveness and efficiency of the organizations, but the dimensions of the external environment had not been examined, for example, population growth, changes in competition, and the economic fortunes of the territory.

C. The Reform in the Education Service: School Management Initiative

Educational services in Hong Kong are also undergoing rapid changes. One of the changes is the introduction of the 'School Management Initiative' (SMI) in all secondary and

primary schools in the territory. The SMI arose out of a Public Sector Reform review of roles and relationships in the school education programme. The review recommended major changes in school management which were detailed in a report published in March 1991 '*The School Management Initiative: Setting the Framework for Quality in Hong Kong Schools*'.

The SMI has four aims: first, it aims to define clearly the roles of sponsors, managers, supervisors, principals and the Education Department and consequently to ensure greater effectiveness and accountability; second, it aims to provide for the greater participation of teachers, parents and past students in school decision-making and management; third, it wishes to encourage more systematic planning and evaluation of a school's programme of activities and gather reports on its performance; and finally, it aims to give schools more flexibility in the use of their resources in meeting their defined individual needs.

The SMI can be examined by looking at the school management structure as well as the new management activities:

a) The SMI School Management Structure

Those schools joining SMI are required to draw up a formal constitution for their School Management Committee (SMC) under Education Regulation 75. The constitution provides a clear definition of roles, and sets out the aims and objectives of the schools and the procedures and practices by which they are managed. This type of structure provides greater participation for teachers, parents and alumni representatives in school decision making and management.

b) SMI Activities

Under the new SMI constitution, each school has to draw up an annual School Plan, prepare an annual School Profile and develop a Staff Appraisal System. The School Plan defines programmes of activities, the resources to be provided for the activities, and the goals expected to be achieved during the year. It aims to enable all members of staff to play an active role in planning the school's activities. For the School Profile, it should contain useful information and statistics about the school. It also provides an important indicator for examining the success of the organization. Setting up a formal Staff Appraisal System will assist teachers and school administrators in developing their strengths and potential. In monitoring the work of staff, the appraisal assists in recognizing and supporting good practices, identifying areas for improvement and improving overall professional performance. (Administration Circular No. 22/95, Education Department, 1995)

D. ISSUES CONFRONTING THE NON-GOVERNMENTAL ORGANIZATIONS IN HONG KONG

Returning to the case of social welfare, before moving to examine the reforms, or the changes made, it is important to have an understanding of the contextual environment inducing the emergence of these changes. The contextual environment can be examined at two different levels, namely, (a) the General Environment and (b) the Task Environment.

a) General Environment

1. One of the prominent issues affecting the whole of Hong Kong, not just the social welfare system, is the issue of 1997, that is, as noted, when the sovereignty of Hong Kong will be returned to China. Hong Kong became a British colony in 1841, after the Sino-British

war. During the past 150 years, the social service delivery system of Hong Kong has fundamentally adopted the British model. The change to the new sovereignty will call for a new social welfare system.

2. In recent years, the general economic situation has been considered as healthy. The unemployment rate in the year 1994 was around 2.4 per cent. However, because of the uncertainty of the political situation, there is a worry about the decline in economic growth, resulting in a decrease in the provision of social services.

3. Hong Kong society is developing into a more complicated society. New social problems arise because of the increase of diversity and complexity. The increase in the number of the elderly population, the severity of youth crime, the rise of single-parent families and breaking down of the family system and so on are all phenomena contributing to these factors, and call for a demand for new services to meet with the new clients' needs.

4. There is an increasing trend in the rise of managerialism, in particular, the quality movement to oriental cities, both in the business sector and public services sector. Total Quality Management (TQM) has become a further 'hot topic' for every executive in social service organizations. Flow chart, 'Fish-bone' and Quality culture are some of the many examples of the new management tools in the current management literature. The non-governmental organizations in social service are also bound to face the new technological transformation in the administrative system.

b) Task Environment

1. The traditional role of the funding body for the non-government organizations, which is the Social Welfare Department, was mainly the allocation of funds to different voluntary social service organizations. In 1973, the relationship between the government and the organizations was called as 'partnership'. However, in recent decades, there has been a call for a change of the fundamental role of this body. The current new role for the Social Welfare Department appears now to be the establishment of a monitoring mechanism in the control of social service in the territory. The recent subvention review conducted by an overseas consultancy company is a good illustration of such movement. The consultancy company is expected to provide recommendations to the Social Welfare Department in the overall control and co-ordination of the non-governmental organizations in Hong Kong, with a report expected later in 1996.

2. Because of the public sector reform in the government in 1989, different government and subvented organizations are now required to be more accountable to public funds. There is an increasing demand for demonstrating the effectiveness and efficiency of services rendered to the public. In the social service organizations of Hong Kong, 'quality audit' is going to be implemented in the future. Four major domains of standards and nineteen principles of service criteria have been formulated. Most of the voluntary organization are very cautious about such a quality audit. According to Kogan (1990), the growth of evaluation in government can be characterised as being based on assumptions about the purposes and modes of government, and involving a decisive reshaping and development of evaluative institutions in which professional thinking gave space to managerial monitoring and criteria of efficiency (Cave, Kogan and Smith, 1990, p.180).

3. In the past decade, there has also been an increase of the awareness of the welfare rights of clients. The empowerment of service recipients calls for improvement in the service quality in meeting the rising demands and expectations of the people. A few years ago, all government departments were required to make their departmental performance pledges. Such pledges stipulated, and continue to stipulate, the performance indicators for the service rendered to the public. Although this is not mandatory for the voluntary sector, such moves would induce pressure on the voluntary organizations, some people saying to good effect.

E. SCOPE OF STUDY

In this thesis, it is the intention of the writer to ask the following research questions:

1. What are the prominent issues affecting non-governmental organizations in Hong Kong?
2. Do they feel that there is a real demand for them to change in order to cope with the new demands?
3. If the answer is no, then, why do they feel that they do not have to change?
4. If the answer is yes, then what are the possible responses and the patterns of change in coping with the demands?

5. Among the various change approaches, if the non-governmental organizations have adopted the strategic planning and management approaches, what is the nature of these approaches?

6. For those which claim they have adopted the strategic planning and management approach, how effective is their experience in utilizing strategic planning and management in helping them cope with the situation?

F. ORGANIZATION AND CONTENTS OF THE THESIS

The thesis is divided into three main sections, namely:

Section I : Context of Non-governmental Organizations in Hong Kong

Section II : Literature Review and Theoretical Background

Section III: Research Design, Methodologies and Data Analysis

SECTION I CONTEXT OF NON-GOVERNMENTAL ORGANIZATIONS IN HONG KONG

Chapter Two Development of Social Welfare Services and Policy in Hong Kong

This chapter describes the development of the social welfare service, starting from as early as 1841, when Hong Kong became a British colony to the near short future of 1997, when Hong Kong will be returned to China on 1 July. Within this period of 150 years, social welfare has undergone numerous changes. It is the aim of this chapter to examine the underlining ideologies and philosophies of social welfare in Hong Kong in the past one and a half centuries.

Chapter Three The Voluntary Sector in Hong Kong

In this chapter, both the development and the current situation of the non-governmental organizations is examined. Also discussed are the prominent issues affecting the development, both past and present, of the voluntary sector in Hong Kong.

SECTION II LITERATURE REVIEW AND THEORETICAL BACKGROUND

Chapter Four **Theoretical Perspectives in understanding the Relationship between Organization and Environment**

This chapter examines the three broad perspectives in understanding the relationship between the interaction of the environment and voluntary organizations as it sets the scene for discussion in the later chapters.

Chapter Five **Theories of Strategic Planning and Management**

This chapter discusses the definitions of strategic planning and strategy in the Non-profit Sector. Both the Strategic Planning contents and the process are elaborated. In addition, different types of strategies are also mentioned.

SECTION III RESEARCH DESIGN, METHODOLOGIES, AND DATA ANALYSIS

Chapter Six **Review of the Literature in Strategic Planning and Management in Non-profit Organizations**

In this chapter, past literature and research reports in these areas are examined and commented upon. It also provides a background for formulating the theoretical framework for the research work of the study.

Chapter Seven **Research Design and Methodologies**

The contents of this chapter describe the research questions, and the research design in order

to find out the answers to the questions. Discussion on the methodological issues in organizational studies is also expanded.

Chapter Eight Case Studies and Data Analysis

This chapter details the findings of the case studies conducted during the research process. Cross-cases comparison are also made in order to provide a deeper insight of the responses of the non-governmental organizations to the changing environment.

Chapter Nine Four Modes of Strategic Planning

This chapter then discusses the issues identified in the study, reflects and articulates the problems in order to conceptualize the key theoretical concerns pertinent to the management of the non-governmental organizations in a turbulent environment, based on the Hong Kong experience. Four modes of strategic planning has been conceptualized, namely Domain Enlargement mode, Domain Enhancement mode, Domain Restructuring mode and Domain Reduction mode.

Chapter Ten Survey Findings: Data Analysis and Discussion

In this chapter, different organizational attributes are compared with the variations in strategic planning and management. A questionnaire has been constructed, based on the data collected in case interviews. The purpose of this survey is to investigate the overall response of the NGOs in time of uncertainty. Findings including the assessment of the situation, decision making in strategic planning process and patterns of strategic planning and management are discussed.

This chapter aims to summarize the key issues and make concluding remarks as found in the study. Limitations and recommendations for a follow-up study are also mentioned.

SECTION I THE CONTEXT OF NON-GOVERNMENTAL ORGANIZATIONS IN
HONG KONG

CHAPTER TWO

THE CONTEXT OF THE DEVELOPMENT OF NON-GOVERNMENTAL ORGANIZATIONS IN HONG KONG

A. INTRODUCTION: BRIEF HISTORY OF SOCIAL WELFARE DEVELOPMENT IN HONG KONG

Like many countries in the West, the early development of social welfare services in Hong Kong was pioneered by the voluntary sector. The involvement of the government in taking responsibility for providing service happened after the second world war. Chow (1993) divided the development of social services into two basic periods, viz (a) the early 19th century to the 2nd world war, and (b) the end of the second world war to the present.

B. EARLY 19TH CENTURY TO SECOND WORLD WAR

As noted earlier, Hong Kong became a British colony in 1841 as a result of the Sino-British War. In its early days, Hong Kong was only a fishing village. In the early 20th century, the territory became more developed. Yet, in the 1900s, the population was only around a hundred thousand people. More refugees came to Hong Kong after the first world war. The two major social problems at that period were health and prostitution.

The Chinese have a historical tradition of helping the sick, the poor and other vulnerable groups. This individual charity was gradually replaced by the clan groups that shouldered major responsibilities of care in the early days. Clan groups mainly refer to

people who share the same family name, have common ancestors and speak a similar dialect. One of the earliest establishments in Hong Kong was the Tung Wah Group of Hospitals, which was established in 1870. The services provided were mainly charitable in nature, that is, to provide funeral services for the poor and the people from China. Later, they also provided free medical services for the poor who suffered from diseases. The fundamental value of the organization was an old Chinese proverb " 孝悌 以及 人之 老 " with the meaning that Chinese people not only care for the elderly members of their own families, but also for others in the community. Also, not only did they care for their own young, but for the children of others.

Another large organization was the Po Leung Kuk which was founded in 1883 in order to provide shelter and refuge for the children and women who were abducted to become prostitutes. The name "Po" means to protect while "Leung" refers to the infants and female juveniles. According to statistics provided by the Po Leung Kuk, the juveniles and women under their care and the beneficiaries of the services provided during the period from 1887 to 1891 rose to 2750 (Po Leung Kuk, 1978). Since the removal of the agency to its existing location at Causeway Bay in 1932, the annual intake of the association has ranged from 300 to 600 people per year.

With the arrival of missionaries, overseas charitable organizations were set up and many more organizations were established. Examples of these organizations were St. Paul's Orphanage (1848) and the Canosian Orphanage (1860).

The other social problems at that period were street gangs and school non-attendance

because of the less developed education system. The Hong Kong Playground Association (1932) and The Hong Kong Boys' and Girls' Clubs Association (1936) were established in order to provide informal education and training classes for school non-attenders.

In summary, the development of social welfare services and voluntary organizations was closely linked with the emergence of social problems such as poor health and disease, prostitution and street gangs. The fundamental base of services was charity and the functions played by the voluntary sector were remedial in nature.

C. POST-WAR PERIOD

In the post-war period, the stage of development of voluntary organizations may be sub-divided into five stages: (i) the booming stage; (ii) the golden stage; (iii) the institutionalization stage; (iv) the transitional stage; and (v) the post-transitional stage.

i) The Booming Stage (1940s to 1958)

The booming stage was characterized by the feature that very many organizations were established. Most of the organizations were found with a view to providing services for elderly people and infants:

1948	Juvenile Care Centre
	Kwai Chung Girls' Home
1953	Society of Boys' Centres
	Salvation Army Castle Peak Home for Boys

1955 Christian Family Services Centre

1956 Pellitier Hall

One of the essential features of the development of voluntary social services in Hong Kong at this stage was the inauguration of the Hong Kong Council of Social Service (formerly known as the Hong Kong Council of Social Welfare). The Hong Kong Council of Social Service was founded in 1947, registered as a society in 1949 and became a body incorporate in 1951. It continues to provide a common meeting ground for voluntary welfare organizations, service clubs, community groups and individuals who work in concert in the development and promotion of voluntary welfare activities and in meeting the overall social needs of the people of Hong Kong.

The aims of the Council are:

- 1) to promote the co-ordination and improvement of social service activities;
- 2) to develop resources, such as manpower, funds and data, for social service activities; and
- 3) to promote public understanding of social service needs and the role of the voluntary agencies in meeting these needs. (Hong Kong Council of Social Service, 1993)

The establishment of a central co-ordinating council has provided a structure

in liaising and linking the development of social welfare services and the division of labour among the organizations in a united way. The second essential feature of development in the social services of Hong Kong was the establishment of the Social Welfare Department in Government in 1958.

ii) The Golden Stage (1960s to 1970s)

The period of the 1960s to 1970s may be regarded as the golden stage of development of social welfare in the history of Hong Kong. The first White Paper in Social Welfare *Aims and Policy for Social Welfare in Hong Hong* was introduced in 1965. This White Paper set out the Government's position for the place of social welfare during that period:

"Social welfare services are required by those who are not capable without help and support of standing on their own feet as fully independent or 'self-directing' members of the community. These include children and young people deprived of protection and care of family, the physically and mentally handicapped, the destitute, the aged, the potential delinquents and individuals who fail, with aid, to adjust themselves to their environment. " (*Aims and*

Not only did this paper outline the philosophy of the remedial nature of social service , but also revealed the roles of the voluntary agencies.

"A general pattern, however, has emerged, in which governments have resumed increasing responsibility for social welfare. Nevertheless, voluntary organizations, which were the pioneers of nearly all of the social services elsewhere, as they were in Hong Kong , play an important part in the provision of social services everywhere today, despite relinquishment of many of their previous government." [sic] (p.3)

The White Paper pointed out that the Government would not take an active role since the "Chinese tradition" of caring for one's own family needed to be maintained.

"Chinese social tradition and values maintain a strong hold, even in urban Hong Kong , and are likely to persist, especially those which were originally based on a sound practical knowledge of Chinese family and social need."

"The ideal of 'fuk lei' or social welfare is held high by Chinese. This traditional idea provides a largely unstrapped [sic] reservoir of support for the value and practice of social welfare work in Hong Kong" (p.6)

Therefore, the Government revealed that they were not prepared to provide a comprehensive and developed scheme of social welfare.

"In recognition of these limitationsit would not be realistic to envisage fully comprehensive services. " (p.7)

The White Paper also discussed the role of voluntary organizations. Four major types of services were identified:

- i) where specific services are provided for special groups, for example, deaf people, elderly people;
- ii) where special resources not available to Government, may be used, for example, overseas funds, proceeds of local appeals, support from a charitable trust or foundation, volunteer staff;
- iii) where voluntary agencies can effectively perform needed services at less cost than Government; and
- iv) where the service provided is desirable but not of high priority, and

could, therefore, if necessary, be reduced or eliminated during a period of economic recession.

Yet , there was a lack of clear indication of the responsibility of the Government in terms of subvention to voluntary organizations. The only principle which was revealed was that it must be less expensive as compared with the same service provided by Government. The White Paper also emphasized the importance of economy and the voluntary organizations were told to be 'realistic' in expectation.

However, such a Paper was later commented on by the wider society. Comment was made that the so-called 'Chinese tradition' for caring for family members was somewhat inconsistent with the situation that the social structure was dominated by nuclear families. It was further considered that the Government was reluctant to improve the service because of its fear of an influx of refugees as a result of an improvement of social conditions.

Sir M. MacLehose (now Lord MacLehose) became the Governor of Hong Kong in 1972 and there were many social changes during his period of office. The second White Paper was prepared in 1973 and it marked the era of the golden age in the development of social welfare of the territory. As indicated in the first paragraph of the document, it stipulated that "the broad basis on which the Government, after taking full account of the voluntary social welfare sector, believes social welfare should now develop in Hong Kong."

(*Social Welfare in Hong Kong: The Way Ahead*, p.1)

The crucial feature of the 1973 White Paper pointed out the 'partnership' relationship between Government and the voluntary sector. The need for voluntary effort in social welfare was felt by many in Government although, naturally, the reasons for this varied from place to place. In Hong Kong , there were four main reasons why it was considered important to maintain the strength of the voluntary contribution:

- i) to provide a basis of comparison with Government services;
- ii) to carry out pilot projects which could not be carried out by the Government, in particular that it may be easier for an agency to experiment in new fields of service or in raising standards of service in the existing fields;
- iii) to mobilize community resources because of the wider involvement by volunteers which could be achieved by non-Government agencies; and
- iv) to be less costly because of making use of existing agencies' services so that together the Government and the voluntary sector share in the extension of services. (*Social Welfare in Hong Kong: The Way Ahead*, 1973, pp.3-5)

Apart from a clear indication of the long term commitment of Government to the expansion of social welfare services , there were other policies on the future development concerning co-ordination. The Five Year Plan, which was also introduced in 1973, contained comprehensive proposals for extending the

existing limited network of community services. This was stated as follows:

'The Five Year Plan for Social Welfare Development was first published in 1973 following the publication on the White Paper "*Social Welfare in Hong Kong: the Way Ahead*" in the same year. It is essentially a working document for implementation. It shows the extent to which the White Paper policy objectives relating to the various services have been achieved and sets specific targets for further expansion within the policy framework. The plan is the basis for estimating the financial resources required for the development of social welfare services in the context of the Government's Five Year forecast and Annual Estimates of Expenditure and Revenue."

"The regular review mechanism serves to assess the extent to which services are effectively meeting the respective policy objectives, monitor the progress of the implementation of agreed plans of service development, determine specific targets of expansion for each service over a five-year period, and identify possible areas for change and

improving the effectiveness of the services." (*The Five Year Plan for Social Welfare Development in Hong Kong*, p.1)

Further to the implementation of the Five Year Plan , the Government also indicated its need for consultation and joint forward planning with the voluntary sector. Two major ways were identified: 1) through the establishment of formal advisory and consultative machinery; and 2) through informal working links with community leaders, representatives and members, and with those working in the voluntary sector. The Social Welfare Advisory Committee was later formed and, since then, the Hong Kong Council of Social Service has been invited to work on the planning and implementation of services.

iii) *The Institutional Stage (1973 to 1977)*

During the period of the early 1970s, many new services and policies were introduced:

- 1967 : youth services
- 1971 : public assistance
- 1970s : community and youth offices
- late 1970s : services for elderly people
- 1977 : rehabilitation services

This period could be called the stage of the institutionalization of the social welfare service. A full range of different types of services for different client groups was established, including services for individuals and families, services for children and youth, services for elderly people, rehabilitation services and community work services.

In 1977, three other Green Papers on Social Welfare Services were introduced : the Green Paper on Social Security (*Help Those Least Able to Help Themselves*); and the Green Papers on Youth Services and Services for elderly people. The other White Paper on Rehabilitation Services, which was jointly prepared by the Social Welfare Department and the Medical and Health Department, was announced in the same year.

iv) The Transitional Period (1977 to 1980s)

During this period , Hong Kong was facing problems of severity due to the issue of 1997 and economic uncertainty. Hong Kong became a British colony in 1841 and the New Territories was leased to the British Government. As noted earlier, it will be returned to China in 1997. Various proposals were originally discussed, including an extension of the lease. People were rather puzzled and uncertain about the future of Hong Kong after 1997. Apart from the political uncertainty, Hong Kong was also faced with the problem of economic recession and the pressure of the worldwide oil crisis. In a time of political uncertainty and economic recession, the Government published the

Third White Paper on Social Welfare *Social Welfare into the 1980s* in 1979.

Regarding the contents of the White Paper in 1979, though there was a detailed description of the existing service but no commitment was made about future development. Only social security was discussed in detail. The other services mentioned in the earlier Green Papers were ignored. It is interesting to find that the roles of the voluntary organizations are discussed in the chapter about financing issues. It was revealed that at this time that the Government was putting less emphasis on the 'partnership' roles of the voluntary organizations.

"There should, however, be a clearer delineation of the division of responsibility between the Government and the voluntary sector. The present division is largely a historical one but with the planned expansion in various programmes, it is necessary to re-examine this division against the relative capacity of the Government and the voluntary sector, firstly to avoid overlaps, secondly to ensure that planned targets are met, and thirdly to ensure that resources are used in the most effective manner in achieving stated objectives."

(*Social Welfare into the 1980s*, 1979, p.22).

Another feature of the White Paper in 1979 was the discussion of the issue of fee-charging. As indicated in the document, it was stated that in order to assist the voluntary agencies, guidelines for fee charging would be formulated by the Government. The guidelines would attempt to strike a balance between the need not to discourage users of a particular service on the one hand, and the need, on the other hand, to ensure that the aims of individual services and case benefits were met, and that misuse of a particular service was not willingly encouraged because it was free. Thus, a greater financial burden on the voluntary sector was evidenced.

In June 1980, the Working Party on the Provision of Social Welfare Services and Subvention Administration submitted its report to the Government. The Working Party identified three categories of social welfare services:

- i) those which are regarded as "essential" in that they are prescribed by law or required to ensure that a fundamental human need is met (Category A);
- ii) those which are regarded as "necessary" in that although they are not essential to the maintenance of life or health, are required in order to alleviate manifest social problems (Category B); and
- iii) those which are regarded as "desirable" in that a need for them has been identified but is less pressing than for those classified as essential or necessary. (Category C)."

(*Report of the Working Party on the Provision of Social Services and Subvention Administration*, 1979, p.6)

Services included in Category A were almost exclusively provided by Government. They included social security (public assistance, special needs allowances and accident compensation), emergency relief, and services for which there was a statutory obligation such as adoption, probation and the correction of offenders. These services would get 100 per cent subvention. Services in Category B included a wide spectrum of activities from family casework to the running of day nurseries, the provision of residential care and home help services for elderly people, and the care and training of all categories of handicapped persons. The services in this category would also receive subvention from government in recognition of the pioneering role of voluntary organizations. Lastly, for the Category C services, they might also be subvented, subjected to budgetary considerations, but should not normally attract more than a discretionary subvention and reimbursement of rates.

v) ***The Post-transitional Stage (mid-1980s to present)***

Following the same trends of development of social services in the last decade, the major emphasis in this period was the issue of 'value for money' and the cost-effectiveness of social services. In addition, the welfare sector in Hong Kong suffered the problem of the 'brain drain' following the extensive

extensive emigration of social workers in the late 1980s. In 1991, the Fourth White Paper was published in order to provide more long term strategies for development in the 1990s. This White Paper provided a more detailed analysis of the political, social and economic situations in Hong Kong. Moreover, it also discussed the philosophy of social welfare which was not mentioned in the three previous White Papers.

"The social welfare service should not be regarded as some form of charity, confined to the social and financially disadvantaged...

The welfare programmes of Hong Kong have been designed and developed with cognizance of innate local values of concern for the family, commitment to self-improvement, self reliance, mutual support and generosity, reluctance to be dependent upon welfare, high respect for social order and a combination of ingenuity and resourcefulness." (*Social Welfare into the 1990s and Beyond*, p.14)

Concerning the roles of non-governmental organizations (formerly known as voluntary agencies), it was mentioned that the non-governmental organizations would continue to be major providers of services in partnership with Government. Again the word 'partnership' is re-introduced. In addition, they would then play a greater role in the development of policies and in service planning and would continue to be encouraged and supported in the pioneering of new initiatives. Two other new concepts in the provision of services were

also mentioned: social network and integration. These two concepts later induced some of the changes in local social services organizations.

There were other recommendations indicated in the 1991 White Paper which affected the operation of non-governmental organizations in Hong Kong:

- i) that the standard cost system would be introduced in the subvention policy for NGOs. The Government also pointed out that NGOs were expected to provide services at the level of envisaged standards and Government would focus its control on the measurement of output and performance, while maintaining overall financial monitoring;
- ii) that the establishment of objective criteria for the evaluation of subvented services would continue to be developed. The evaluation of subvented services aimed to measure the effectiveness and efficiency of management in achieving service objectives as well as providing feedback for service development;
- iii) that the Government would also consider the possibility of purchasing services from non-profit making organizations; and
- iv) the principle of asking those who could afford to pay for the service provided was emphasised. According to the Government, fee-charging allowed clients or users to make a contribution and discouraged misuse of services. In future, agencies that chose to charge fees in excess of the set levels should be able to use the additional income for the improvement and expansion of services.

D. THE IMPACTS OF POLICY CHANGES ON THE ADMINISTRATIVE SYSTEM IN SOCIAL WELFARE

In examining the four Social Welfare White Papers of 1965, 1973, 1979 and 1991 respectively, it is observed that the Government was putting greater and greater pressure on the welfare organizations in three aspects, namely, increasing accountability on public money; closer monitoring of service effectiveness; and, lastly, financial control by the use of 'standard cost'.

As a result of the emphasis on the accountability for public money, as well as the concept of cost-effectiveness, monitoring of the service was tightened. The Evaluation Unit of the Subvention Branch, Social Welfare Department, which keeps a check on the enrolment rates or utilization rates of all subvented service units of non-governmental organizations, is now resuming a more important role to oversee the utilization rate of different services provided by the agencies. These figures are used as yardsticks for consideration of a continuation of subvention for current services or an allocation of funds for new services.

Central Government, represented by the Health and Welfare Branch in the social service context, has set up a database system to monitor the performance of welfare service providers. The key figure used by the Branch in evaluating the performance of a service, for example, the residential child care service, is the service utilization rate, that is, the number of children in residential homes against the quota provision. If the utilization rate is above 80 per cent, the performance in the residential home is considered to be satisfactory and the Branch would have no further interest in exerting pressure. However, for those service units whose utilization rate is below such a figure, they are required to give a full explanation about the low rate no matter how good their service quality is. Henceforth, the head offices of

head offices of many welfare organizations are exerting greater demands on their frontline staff in pushing up the utilization rate.

E. SUMMARY

In this chapter, the development of social welfare has been examined. The whole is divided into five different periods, starting from 1941 when Hong Kong became a British colony to the 1990s, especially the mid-1990s when Hong Kong is undergoing her post-transitional period. In each of these periods, there were obvious features. The golden period of development was the period when Sir M. MacLehose was the governor. This period witnessed enormous leaps in social welfare, including services provision and policy development. The development of social welfare was greatly influenced by these policy changes. Not only the partnership relationship between the government and voluntary organizations changed and changed again, but also the financial arrangements in the subvention policy were modified in order to ensure improved accountability and monitoring.

CHAPTER THREE

THE VOLUNTARY SECTOR IN HONG KONG

A. INTRODUCTION

In examining the social welfare sector, it is easier to see its characteristics by looking at the composition of the Hong Kong Council of Social Service. According to the statistics in May 1994, there were totally 218 member agencies. Among these member agencies, 165 were full members while 53 of them were called associate members. (Appendix 1)

It is not an easy task to outline the features and characteristics of the non-government organizations in Hong Kong. The followings are deemed to be the major characteristics:

- (a) Most of the agencies were charitable in nature in their early days;
- (b) Most of the organizations have close links with religious bodies and maintain a church background, such a feature having a great impact on the culture and values of their decision making;
- (c) Most of the organizations are medium in size, while, however, the total resources are very much monopolized by the small number of large size organizations, and thus imperfect competition exists.
- (d) There is a lack of an integration of services because of the fragmentation of the service delivery system;
- (e) There is an increasing dependence on Government subvention, with a consequent loss of autonomy and independence;
- (f) The organizations are very much affected by unstable manpower because of

an undesirable manpower planning system.

The above features will be further elaborated in the later chapters.

As indicated in the last chapter, the policy environment in the past thirty years has changed in a drastic way. In this chapter, such impacts on the non-governmental organizations will be examined. The Hong Kong Council of Social Service is chosen as an illustration since it is the only co-ordinating body of NGOs in Hong Kong, and it does have especial consideration for and linkages with the environment, especially the policy changes. Though having a "monopoly " may be a safer way for existence or survival, the Hong Kong Council of Social Service yet needs to examine its effective functioning in responding to the current changes, increase awareness of the threat posed on the organization , and the design of the strategies in coping with the challenges.

B. THEORETICAL PERSPECTIVES

There are different theoretical perspectives in examining the relationship between the environment and the organization. Both contingency theory and the power-politics approaches are adopted in this analysis. The choice of using a combination of these two approaches is because both focus on the interaction between the environment and the organization.

According to Kast and Rosenzweig (1973) the contingency view of organizations and their management suggests that an organization is a system composed of subsystems and is delineated by identifiable boundaries from its environmental suprasystem. The contingency

view seeks to understand the inter-relationships with and between systems as well as between the organization and its environment and to define patterns of relationships or the configuration of variables. ...Contingency views are ultimately directed toward suggesting organizational designs and managerial actions most appropriate for specific situation. (p.308)

Concerning the power-politics perspective, which stresses the two resources that an organization should gain in responding to the changing environment, that is, legitimacy and power (political resources), and the production resources (economic resources), the availability and accessibility of these two resources greatly affect how the organizations shape their strategies in coping with the environment.

C. MAJOR ISSUES CONFRONTING SOCIAL WELFARE IN HONG KONG

In the following paragraphs, the four major issues confronting the Hong Kong Council of Social Service will be analyzed, including (1) growing heterogeneity; (2) political and economic instability; (3) endangered legitimacy and decline of power; and lastly (4) shrinkage of resources.

1. Growing Heterogeneity

1) Emerging New Patterns of Service Delivery

During recent years, there have been a number of new initiatives in service delivery being promoted or even implemented by the Social Welfare Department in Hong

Kong. For example, the restructuring of group work units in the community centres into family activity resource centres; the carrying out of the idea of integration through the establishment of integrated teams (IT) in the children and youth services; and so on.

At the same time , there is also an observable trend that the number of non-subsided services is increasing. These services are either operated by the newly established agencies or the existing agencies which are already providing the service subsidized by the Government. Examples include the use of mediation in settling family disputes as an alternative to the traditional family service; and the implementation of the Employee Assistance Programme (EAP) through which private enterprises purchase services from the NGOs to serve the needs of their staff. The growing number of self-help groups is also attributed to the increasing diversity of the patterns of service delivery.

The existing mechanism of co-ordination in the Council is through the Management Committees of the five Service Divisions. One staff member from the Children and Youth Division expressed the opinion that it was not as a result of a single incident that the new manifestation of youth problems was put on the agenda of the division meetings and that all these issues were neither discussed in detail nor result in agenda items that could be completed at every meeting. The existing co-ordinating mechanism is considered as inadequate to accommodate such a heterogeneous environment and its role in helping the better functioning of the other non-government organizations.

)) *Diversification of Stakeholders*

The stakeholders of the Council include the Government, which provides the majority of financial resources and the most recognised role in co-ordinating the social services operated by the NGOs. On the other hand, the member agencies then delegate the responsibility of collective representation of their interests in pursuing issues related to the development of social service in Hong Kong. However, from 1991 onwards, due to the spirit of the supportive network as advocated in the White Paper on Social Welfare 1991, there has been an observable increase of services which are not regarded as mainstream services. To name a few, for example, the Hong Kong Aircraft Engineering Company, the Veterans Club Ltd., and those agencies operating a non-subsidised service, like the Land of Virtue Company Limited.

This diversification in the nature of stakeholder poses another aspect of heterogeneity to the Council. Being an organization composed of member agencies, the fulfilment of individual expectations as well as balancing members' expectation as a whole is crucial. Unfortunately, such growing diversity will either paralyse the organization as they are representing different interests that are in conflict with one another, or lead to the non-active participation of the non-mainstream member agencies so that their interests may be sacrificed or over-looked. As a result, when negotiating with the Government, due to the lack of consensus among the member agencies, or lack of support from them, the bargaining is bound to fail.

2. Political and Economic Instability

The development of welfare services in Hong Kong is always heavily affected by the economic situation, which hinges upon a complex dynamic with the political and other international influences, the territory being one of the financial capitals of the East. The crisis of the stock market as well as the recent world-wide economic recession are the best examples. Such instability is further disturbed by the unresolved conflicts between the British and Chinese Governments over the new airport issue. In spite of the investment of sixty billion Hong Kong dollars into the welfare budget as claimed by the Governor, Sir Chris Patten, in his Governor's speech in October 1994, most of the items are seemed as delayed promises.

In addition, during the period of the post-transitional stage, there is a growing impact from the Government of the People's Republic of China (PRC). The difference in the welfare ideologies between the Hong Kong and the Chinese Governments also induces uncertainty. For the Hong Kong Council of Social Service, the unstable environment not only heralds an era of reducing financial resources for both itself and the whole welfare sector, but also the weakening of the partnership relationship between the NGOs and the Government.

3. Endangered Legitimacy

a) Recognition by the Government

As mentioned in the previous paragraphs, the role of the Council in co-ordinating and representing the views of NGOs operating different services has been recognised by

the Government. However, there seems to be a trend that such a legitimised role in representing the views of the NGOs is recognised when the view is congruent with the expectation of the Government; otherwise, the role of the Council will be disregarded. On some occasions, the Council staff are invited to participate in their personal capacities, rather than representing the Council. This implies that the staff are not expected to consult the views of their member agencies, nor have the right to reveal the confidential information as discussed in the meetings.

Moreover, concerning the issues of the whole welfare policy or the development of services, the Social Welfare Development approaches the individual organizations directly in getting their consent one by one, instead of through the previous channel of discussing with the Council's representatives.

b) Declining Political Power

In the mid 1980s, there was a time when the Council as well as some NGOS, were "blacklisted" by the Government as pressure groups which urged too much for the betterment of service provision. The mobilization of support from its member agencies inevitably posed a threat to the Government. However, with the introduction of representative government as well as the emergence of political parties in Hong Kong, the request for improvements in social welfare is no longer exclusively the concern of social workers, but is also easily found on the agendas of every councillor and of political parties. The advocacy role, which was unique to the Council, is no longer considered as the 'privilege' of the Council.

In late 1994, the Director of the Hong Kong Council of Social Service, Mr. Hui Yin-fat, who has also served as the Legislative Councillor of the Social Welfare Functional Constituency since 1985, announced that he would step down in the forthcoming election in 1995. His dual roles in the past ten years had no doubt been a facilitating factor in the development of the Council, because of his accessibility to the first-hand information about the future direction of welfare policy, the implementation schedule of various service provisions and so on.

However, the delinking of these roles would certainly weaken his political power and influence in Government.

The above mentioned factors contributed to the overall decline of the political influence of the Council as well as some NGOs. Being the 'bridge' between the Government and the NGOs, such a diminishing influential position will add to the difficulties of future work and also weaken the supply of resources.

1. Shrinkage of Resource

The scarcity of resources has been a common problem confronting non-governmental organizations. In the context of the Hong Kong Council of Social Service in recent years, three types of resources will be discussed, namely financial resources; human resources; and information.

a) Financial Resources

Although the financial resources provided by the Government indicates an increase of 37.5 per cent from 1991 to 1994, the proportion of subventions from Government in the total income of the Council, however, shows that there has been a decline.

<u>Year</u>	<u>Percentage of subvention</u>
1990-1991	81.52%
1991-1992	81.64%
1992-1993	79.93%
1993-1994	79.54%

Table 2.1 Percentage of Government Subvention in HKCSS Total Income

1990-1994

i) **Human Resources**

Manpower resources in the Hong Kong Council of Social Service not only serve to maintain the daily functions of the organization, but are also valuable individual resources as the staff are well-equipped with the knowledge about the history and development of various services, and they also maintain good personal links with the member agencies. In the past three years, the staff turnover rate for the professional staff is around 2.3 per cent per year for higher professional grade staff. Such a high turnover rate cautions the need to maintain and develop staff as resources or assets to the organization, especially in facing the other possible 'brain drain' problem as the year 1997 approaches.

	<u>Turnover Rate</u>
Agency Service branch	2.1
Development branch	2.5
Overall:	2.3

Table 2.2 *Turnover Rate of the senior Professional Staff of HKCSS 1990-94*

c) **Information**

The importance of updated information regarding social issues as well as the services development of the member agencies to the Council is undeniable in order to perform

its functions effectively. However, the inputs, processing , storage and retrieval of information lack systematic planning and operation. Fragmented and piecemeal information is kept by different units and the turnover of any key staff of the unit leads to the problem of inaccessibility or even a loss of information.

The analysis of the Hong Kong Council of Social Service from the perspective of its organization-environment relationship helps to make clear the current issues confronting the NGOs in Hong Kong.

D. THE WORKING PARTY ON RESOURCE DEVELOPMENT

Because of the changes of the situation as mentioned in the previous paragraphs, the **Committee on Agency Finance and Administration (CAFA)** of the Hong Kong Council Of Social Service appointed a **Working Party on Resource Development**. The aims and objectives of the Working Party were as follows:

- 'i. to identify and analyze the existing situation of the financial, human and other resources of the voluntary sector;
- ii. to explore and formulate ways of increasing the financial, human and other resources of voluntary agencies through innovative and feasible projects; and
- iii. to explore and formulate ways of enhancing the public image of voluntary agencies and to develop a system of reference guidelines/standard to facilitate the public in assessing bona fide charitable organizations.'

(*Report of the working Party on Resource Development*, 1994, p.1)

The Working Group was composed of ten members and most of them were senior

executives of non-governmental organizations. The Working Group completed their tasks in December 1993 and submitted their report in February 1994. The report identified three factors as important considerations in examining resources of the agencies:

- (a) **Funding Sources;**
- (b) **Non-fiscal Resources; and**
- (C) **Legitimizing or Sanctioning Groups.**

(a) Funding Sources

The report pointed out that the Social Welfare Department was the major source of funding, and provided HK\$ 1542.4 millions as social welfare subvention in 1992-93 which was 25 per cent of the total Government expenditure on social welfare. The Community Chest, the largest non-profit fund-raising organization in the territory, provided HK\$119 millions to the member agencies of the Council in 1992-93. The other funding sources included the Lotteries Fund (HK\$ 250 millions for 1991-92) and the Royal Hong Kong Jockey club (HK\$ 138 millions for 1990-91 covering Youth Programmes, Family/ Child/ Elderly, Care and Rehabilitation, community Services, and Neighbourhood Services.)

(Report of the Working Party on Resource Development, 1994, p.2)

Concerning the subvention from the Government, it was the view of the Working Party to leave the task to the Council Director in negotiating with the Social Welfare Department for financial support. Regarding the Community Chest, the following comparison was made:

	<i>Community Chest</i> <i>-supported Agencies</i>	<i>Non Community Chest</i> <i>-supported Agencies</i>
government	73.5%	47.6%
fees	11.2%	14.7%
Community Chest	4.4%	0%
donation	10.9%	19.9%

Donations for the non-Community Chest member agencies were very significant (HK\$ 179 million) which was two and a half times those of the Community Chest allocations (HK\$ 70 millions) in 1991-92. It was the view of the working party to recommend that member agencies explored the various funding sources apart from relying so heavily on the Community Chest.

(b) Non-fiscal Resources

Manpower planning in fact should be one of the critical resources in social services. However, the working group did not examine this issue because they thought that it was the responsibility of the **Social Welfare Manpower and Training Committee**. No recommendation was made.

The group just studied the use and mobilization of volunteers. It was also suggested that computerization should further be developed in order to enhance the development of social service.

(c) Legitimation or Sanctioning Groups

It was the view of the Working Group that 'to further the development of social welfare, it was important that support were obtained from groups and organizations such as Government Policy Branches and Departments, legislators, politicians, funders, users and the public. Thus, the Group recommended the Council to launch more publicity and public education programmes to the public at large. Lastly, the Group also suggested the establishment of a database on resource development.

E. SUMMARY

In this chapter, the context of the voluntary sector has been examined. Both contingency theory and power-politics perspectives are adopted as the basic theoretical framework for the analysis. It was then discussed how four major issues are confronting the voluntary sector, in particular the Hong Kong Council of Social Service, namely, growing heterogeneity, political and economic instability, endangered legitimacy, and the shrinkage of resources.

SECTION II LITERATURE REVIEW AND THEORETICAL PERSPECTIVES

CHAPTER FOUR

ORGANIZATION RESPONSE AND ADAPTATION TO THE ENVIRONMENT

A. INTRODUCTION

This chapter will examine the essential and core concepts and theories relating to the study of organization and its environment. It also sets the platform for this study in examining the relationship and inter-dependence of organization and its environment so that different types of strategies may further be discussed in the following chapters. It first outlines the various perspectives of organizations, then the discussion centres on the links between organization and its environment, including the types of survival strategies.

B. THREE PERSPECTIVES OF ORGANIZATION

Scott (1992) identifies three perspectives of organizations: (a) Organization as rational system; (b) Organization as natural system; and (c) Organization as open system.

a) *Organization as Rational System*

The major characteristic of this perspective is that information is the important source of reference for decision making. Efficiency is the desired goal for the organization.

The organization would make every possible effort to ensure finding the best possible

option to implement the work in order to achieve the greatest effectiveness. Selected schools of thought include Taylor's Scientific Management (1911), Fayol's Administrative Theory (1916), Weber's Theory of Bureaucracy (1922) as well as Simon's Theory of Administrative Behaviour (1946).

The fundamental tenets in rational theory may be summarized as follows:

- i) organizations exist to accomplish production-related and economic goals;
- ii) there is one best way to organize for production, and that way can be found through systemic, scientific inquiry;
- iii) production is maximized through specialization and the division of labour; and
- iv) people and organization act in accordance with rational economic principles.

Workers are not viewed as individuals, but as the interchangeable parts in an industrial machine whose parts are made of flesh only when it was impractical to make them of steel.

(b) *Organization as Natural System*

The essential characteristic of this school of thought is the recognition of the complexity of goals in the decision making process. Organization is composed of a collective of human groupings, and such groupings constitute an informal structure of the organization, apart from the formal structure. Selected schools of thought in

this perspective include Mayo's Human Relations School and Parson's Social System perspective.

The Rational perspective is, to a large measure, derived intellectually rather than empirically, its artificial assumptions leaving it vulnerable to attack. The Natural system did not develop a body of theory that would adequately replace a rational system. It was modified, added to, and somewhat extended.

The importance of the Natural System perspective is that:

- i) it initiates the theoretical movement away from the oversimplistic mechanistic views of the rational system; and
- ii) in the process of challenging the Rational System, it raises issues and introduces theories that become central to the foundations of most of the schools that have followed.

c) *Organization as Open System*

The essential characteristics of this school proclaim the idea of self maintenance as well as morphostasia and morphogenesis. The term morphostasis is applied to those process that tend to preserve or maintain a system's given form, structure, or state. Morphogenesis is applied to those process that elaborate or change the system- for example, growth, learning, and differentiation. (Scott, 1992, p.84) The selected schools of thought in this perspective are the Open Systems Theory and Contingency Theory (1973).

The systems schools has two conceptual themes or components:

- i) the application of 'general systems theory' to organizations, and
- ii) the use of quantitative tools and techniques to understand complex relationships among organizational variables and, thereby, to optimize decision making.

The systems school views an organization as a complex set of dynamically intertwined and interconnected elements, including inputs, processes, outputs, feedback loops, and the environment in which it operates. A change in any element of the system inevitably causes changes in its other elements. The interconnections tend to be complex, dynamic and often unknown.

The system school theory relies extensively on quantitative analytical methods and models. Thus, it also has close philosophical and methodological ties to the scientific management approach. Hence, it is often called 'management science' or 'administrative science'.

C. CONTINGENCY PERSPECTIVE OF ORGANIZATION

Contingency theory is a 'close cousin' of systems theory in which the effectiveness of an organizational action (for example, a decision) is viewed as depending upon the relationship between the element in question and all other aspects of the system - at a particular moment. Everything is situational, that is, there are no absolutes or universals. Thus, the contingency view of organizations places high importance on rapid, accurate

nformation systems.

According to Burnes (1996), contingency theory is a rejection of the 'one best way' approach. In its place is substituted the view that the structure and operation of an organization is dependent (or 'contingent') on the situational variables it faces. It follows from this that no two organizations will face exactly the same contingencies; therefore, as their situations are different, so too should their structure and operations be different. Consequently the 'one best way' for all organizations is replaced by the 'one best way' for each organization (Burnes, 1996, p.58)

Central to the contingency theory is the focus on identifying the internal and external variables that influence managerial action and organizational performance (situational framework). These are:

- situational organization form;
- situational leadership; and
- situational decision-making.

Burnes (1996) points out that there are three most important contingencies, namely, (i) environmental uncertainty and dependency; (ii) technology and (iii) size.

(i) Environmental uncertainty and dependency:

It is argued that management of organizations is always in time of uncertainty and dependence, both of them change over time (Burns and Stalker, 1961; Child, 1984;

Lawrence and Lorsch, 1967; Thompson, 1967). Uncertainty arises because of the difficulty to control events fully, whether outside or inside the organization. Similarly, the dependence of management upon the good will and support of other, whether they they are internal or external groupings, makes an organization vulnerable, and in some circumstances, may even threaten its very existence (Burnes, 1996).

(ii) Technology: organizations creating and providing different products or services use different technologies. If so, technology is also a contingent variable when structuring organizations.

(iii) Size: Burnes (1996) argues that the structures and practices necessary for the efficient and effective operations of small organizations are not suitable for larger ones. For small organizations, centralized and personalized forms of control are claimed to be appropriate, but as organizations grow in size, more decentralized and impersonal structures and practices become more relevant (Burnes, 1996, p.60).

According to contingency perspective, there is a close relationship between organization and its environment. The conceptions of environment are discussed in the following section.

D. CONCEPTION OF ENVIRONMENT

"The effective organization has integrative devices consistent with the diversity of its environment. The more diverse the environment and the more differentiated the organization the more elaborated the integrating devices."

(Lawrence and Lorsch, 1967)

"The key to organizational survival is the ability to acquire and maintain resources."

(Pfeffer and Salancik, 1978)

(i) The Analysis of Environment

The analysis of environment can be divided into two main dimensions, namely, the levels of environment and the characteristics of environment.

Concerning the levels of environment, some important concepts need to be examined, for example, organizational sets and organizational population, both terms used by Scott in 1992. In which participants in a variety of relations depend on the identity of its specific patterns. In this, several organizational domains can be identified, such as suppliers, customers, or competitors. The second important concept is the 'organizational population'. The population of organizations is the concept used to identify aggregates of organizations that are in some aspects with a similar nature or background. For example, reference may be made to the Non-governmental Organizations in the welfare service. A third concept is the 'Areal

Organizational Field'. This is the relation among a collection of organizations within a geographical area. Sometimes, it is also known as the 'ecological community model' or the 'collective-action model' (Scott, 1992). For example, in the recent development of a community-based approach in youth services or the health care service in Hong Kong, networking approaches and case management approaches are advocated in designing the service delivery system. It is aimed that through the use of these approaches, better coordination among organizations and services can be achieved. Several types of organizational fields are also identified: social-choice context, coalitional context, federative context, and unitary context. The last concept is the 'Functional Organizational Field', that is, the service of the organization is designed for a specific purpose. An example that can be given is the service provided by the Hong Kong Student Aid Society, in which the residential care service is the functional organizational field for the agency.

(ii) Characteristics of Environment

With regard to the characteristics of the environment, there are basically two types of organizational environment, namely, the 'technical environment' and the 'institutional environment'. (Scott, 1985) Technical Environment refers to the fact that an organization produces a product or service that is exchanged in a market and is rewarded for effective and efficient performance.

The Institutional Environment refers to the situation that rules and lays down requirements to which individual organizations must conform. Such concepts would

help us form a categorization of four major types of service settings in social service as follows:

		<u>Institutional Environment</u>	
		Stronger	Weaker
<u>Technical Environment</u>	Stronger	Hospital (Cell 1)	Home Help Employee Assistance Programme (EAP) (Cell 2)
	Weaker	Church (Cell 3)	Child Care (Cell 4)

Diagram 4.1: Four Types of Organizations in terms of Technical and Institutional Environment

In the case of Cell 1, the organization is said to be rewarded by effective and efficient performance. Additionally, the organization also has to comply with its own rules and regulations. Hospitals are good examples in this category. In respect of cell 2, organization is also rewarded by effective and efficient performance, but the flexibility is considered as large, such as the home help service and employee assistance programme. Regarding Cell 3, the organization is free from the impacts of its performance or the utilization rate, while rules and regulations are seen as the important parameter in the daily operation. Church organizations or large bureaucratic agencies are examples in this category. Lastly, in respect of Cell 4 organizations, they are free from all the impacts of their performance on their survival as well as rules and regulations. These types of organizations are easily bound to inertia and

non-responsiveness to the environment.

In this study, all the four types of services are included in the analysis. It is thought that these types of service settings are existing in the social service context of Hong Kong.

(iii) Classification of the Environment

When examining the environment, it may be divided, as noted on previous page, into two major types: General Environment and Task Environment. (Hasenfeld, 1983) For the general environment, reference is made to:

- a) Economic Conditions;
- b) Socio-demographic Conditions;
- c) Cultural Condition;
- d) The Political-legal Condition; and
- e) The Technological Condition.

Regarding the task environment, this refers to Environment Resources and Organizational Domains that have direct impacts on the organization. Such domains include:

- a) Providers of Fiscal Resources;
- b) Providers of Legitimation and Authority;
- c) Providers of Clients;
- d) Providers of Complementary Services;

e) Consumers and Recipients of an Organization's Product; and

f) Competing Organizations

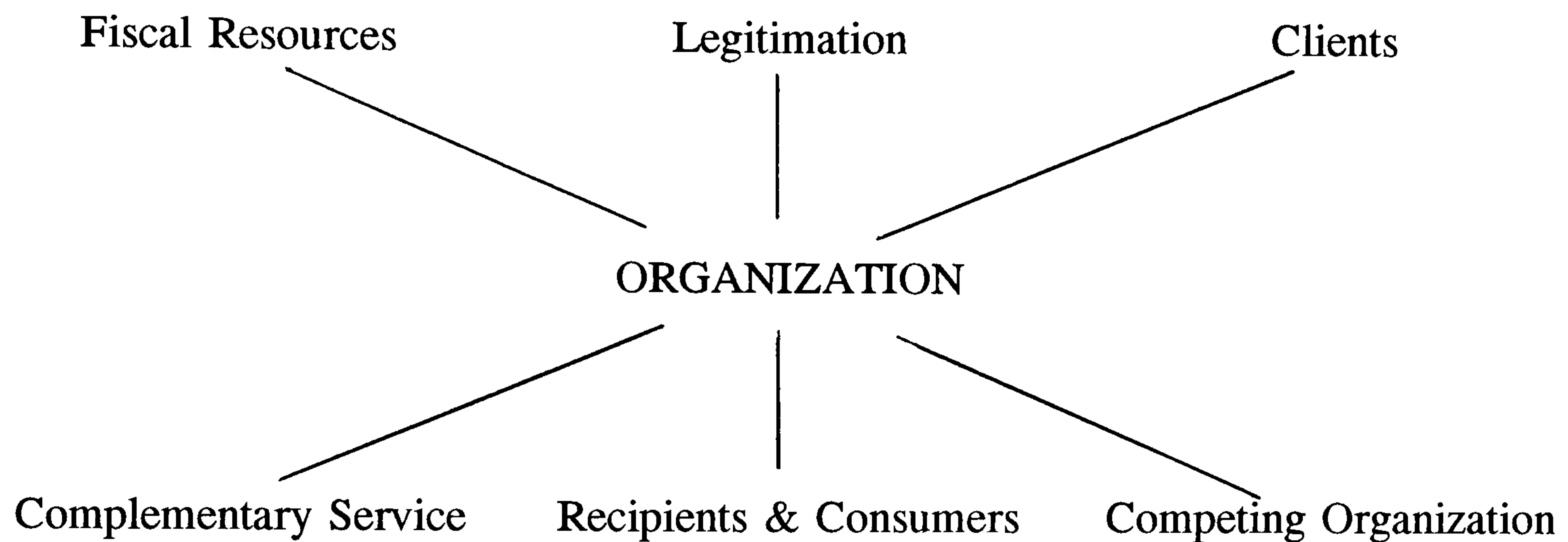


Diagram 4.2: The Task Environment of Organization

(source: Hasenfeld, Y. *Human Service Organization*, 1983)

Such classification of the environment is adopted as the basic framework in understanding the external factors affecting the voluntary organizations. Ideas are also generated, based on this classification, in the case interviews and questionnaire construction.

E. THE INTER-DEPENDENCE OF ORGANIZATIONS AND ENVIRONMENT

Lauffer (1984) discusses the interaction of the organization and its organization by referring to two sets of concepts :(a) 'human ecology'; and (b) organization-set relationship.

a) Ecological Influence on Organization

Ecologists refer to 'symbiotic' and 'commensalistics' interdependence between organizations and their environments. Symbiosis presumes difference in both characteristics and aims, yet these difference are essential for organisms to interact. (Lauffer, 1984) 'Symbiosis' can be used to describe many of the relationships between agencies and within them, for example, inter-agency referrals or the purchase of service agreements. For 'commensalistics', this refers to inter-dependence which is based on common characteristics or interests. These are expressed in terms of common behaviour and shared goals.

The types of co-operation established will generally be the results of a variety of environmental forces impacting on the organism, but the specific impact those forces have will be mediated by the technology available to and used by the agency.

The organization and its environment may be regarded as an ecosystem. An ecosystem tends toward the maintenance of a state of equilibrium, that is, without any internal or external pressure. The system will tend to remain in a steady state with no need to change.

b) Task Environment and the Organization

Similar to Hasenfeld, Lauffer also points out that the task environment includes all those elements in the organization's environment that have the potential to influence its performance or survival. It can be examined by looking at those places where the organization engages in some forms of exchange with elements in the environment. Exchange can be defined as any voluntary or mandated act by which one party gives something in return for something else.

The six elements of an organization's task environment are as follows:

a) **Funder:**

It is the provider of money and resources.

b) **Legitimation:**

This comes from legislation, governmental bodies or an agency's board of directors.

c) **Beneficiaries:**

These are those who receive services in a direct and/ or an

indirect way from the agency.

d) Providers of Complementary Services:

These are those individuals and organizations which provide other services to the agency's clients.

e) Non-fiscal Resources:

these resources vary from agency to agency. The resources may include the political influences that the Board of Directors bring to the organization, or an affiliation to certain international or religious bodies.

f) Competitors:

competitors may refer to those programmes outside the agency that need the same funds, legitimation, clients, or support from influential people in the community in order to operate.

(Lauffer, 1984)

F. ORGANIZATION IN ACTION

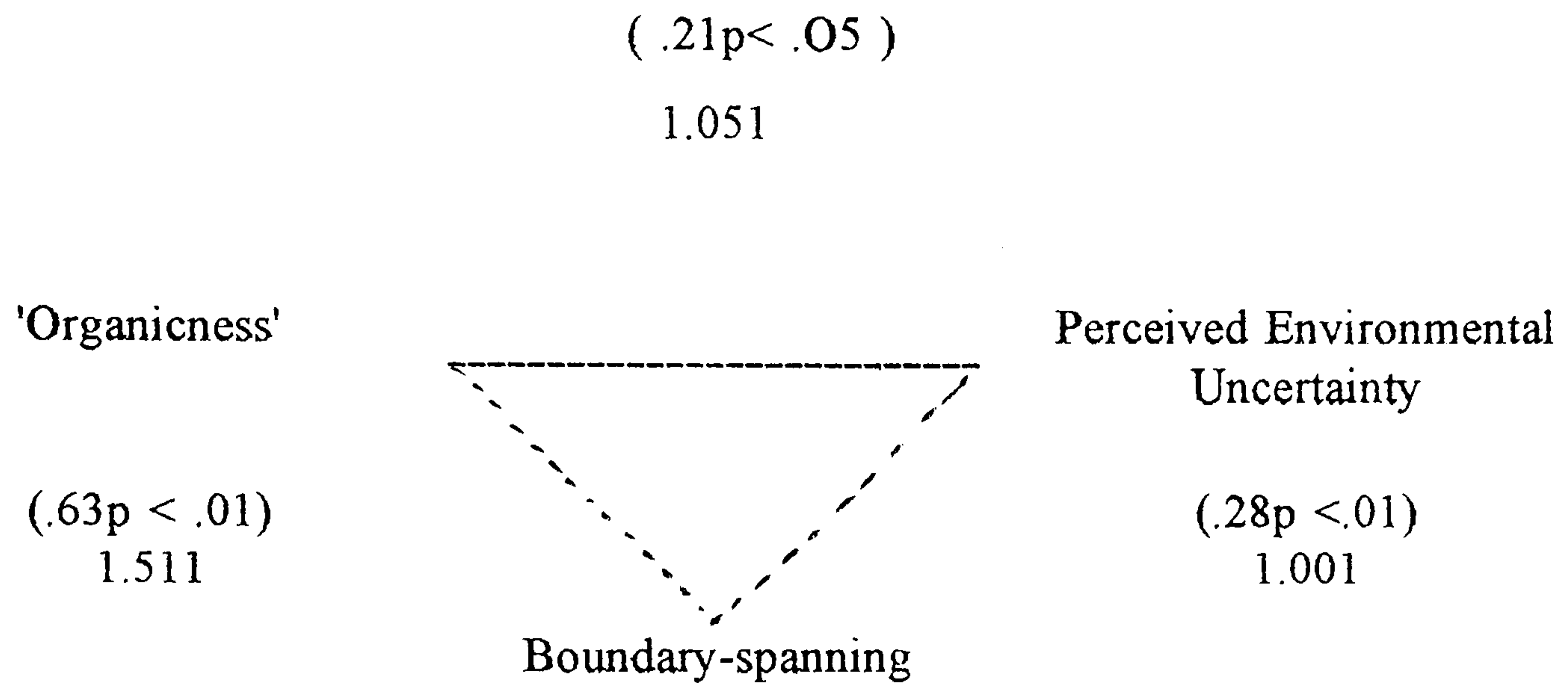
As discussed in the above paragraphs, organizations have close links with the outside environment, Thompson (1965) describes three types of inter-dependence between organization and organization, namely (i) pooled inter-dependence; (ii) sequential inter-dependence; and (iii) reciprocal inter-dependence.

- (i) pooled inter-dependence: the work of each part of an organization is not directly connected to that of others, but is a 'discrete contribution to the whole'.
- (ii) sequential inter-dependence: one part cannot do its job until others have done theirs. Tasks have to be completed in sequence ,first this, then that.
- (iii) reciprocal inter-dependence: each does something for the other. Reciprocally inter-dependent units have to co- ordinate what each does for the other by 'mutual adjustment', so they are likely to be placed together in the hierarchy under common supervisors who can ensure that they co-operate. (Thompson, 1965)

According to Thompson, the more sources of uncertainty there are, the more possibilities that exist for gaining power, and the more likely it is that a 'political position' will be taken up. (Thompson, 1965) This perspective is later supported by research conducted by Leife and Huber. According to Leife and Huber (1977), there are three hypotheses in their study:

- i) hypothesis 1 : organization of structure will be positively associated with Perceived Environmental Uncertainty (PEU)
- ii) hypothesis 2: 'organicness' will be positively associated with frequency of boundary-spanning activity
- iii) hypothesis 3: frequency of boundary-spanning activity will be positively associated with Perceived Environment Uncertainty (PEU).

The results are as follows:



From Leife and Huber's research, it is found that the 'organicness' is highly correlated with the Boundary-spanning activity. Regarding the Perceived Environmental Uncertainty (PEU), it also affects the 'organicness' and Boundary-spanning activity to some extent.

G. ORGANIZATIONAL ADAPTATION

Thompson (1965) constructs a framework for analyzing the types of response in coping with changes in organizations:

		Preference regarding possible outcome	
		Uncertain	Uncertainty
Belief about Cause/Effect relations	Certain	Computational Strategy	Compromise Strategy
	Uncertain	Judgmental Strategy	Inspirational Strategy

Fig. 4.3 Types of responses in coping with changes

(Source: Thompson, *Organization in Action*, 1967)

The matrix shows four kinds of decision-making strategies. The two boxes on the left represent situations where there is relative certainty on what is wanted. Those concerned are clear on what outcome they prefer. For the two boxes on the right, managers are not sure what they want and there may be divided opinions (Pugh and Hickson, 1989, pp.55-56). In the top left-hand box the managers are certain of what the consequences of their decision may be. Agreed on the need to expand, and knowing the technology from past experience, managers could confidently calculate likely costs and returns in a computational manner. On the contrary, the lower box represents a situation where cause and effect are less well know. The decision is less susceptible to computation, more a judgemental matter assessing the risk involved.

For the two right-upper box, if the technology is well known, and the market forecasts are confident that either can be profitable, a compromise strategy results. However, if there is all-round uncertainty as in the right-lower box, then an inspirational strategy would more likely to be adopted.

H. RESOURCE DEPENDENCE PERSPECTIVE

According to Pfeffer and Salancik (1978), organizations are not self-directed and autonomous. They need resources, including money, materials, personnel and information, and to get these they must interact with others who control the resources. this involves them in a constant struggle for autonomy as they confront external constraints. Interdependence with others lies in the availability of resources and the demand for them. Three conditions define how dependent an organization is. First is the importance of a resource to it. This is a combination of the magnitude of that resource and of its criticality. Second is how much discretion those who control a resource have over its allocation and use. Third is how far those who control a resource have a monopoly of it (Pugh and Hickson, 1989, p.57).

To Pfeffer and Salancik, the possible strategies that an organization may use to balance its dependencies are of four kinds. It may:

- (i) adapt to or alter constraints;
- (ii) alter the interdependence by merger, diversification, or growth;
- (iii) negotiate its environment by interlocking directorships or joint ventures with other organizations or by other associations; or
- (iv) change the legality or legitimacy of its environment by political action.

(Pfeffer and Salancik, *The External Control of Organizations: A Resource Dependence Perspective*, 1978)

I. SUMMARY

Undoubtedly, organizations are closely linked with their environment. Moreover, the environment also gives the resources as well as the constraints that threaten the organizations' survival. In the context of Hong Kong, both health care and the education service reforms are mentioned. However, how about the social welfare service? Although the Social Welfare Department published its performance pledge in 1994, the pledge is only a kind of operational guideline without mention of the long-term strategic objectives. Regarding the Hong Kong Council of Social Service, the Council started its process of strategic planning in February, 1995. The report will be completed by the end of the year 1996. What will be the impact on the other two hundred non-governmental organizations in Hong Kong? This issue will be further examined in the following chapters.

CHAPTER FIVE

BASIC CONCEPTS OF STRATEGIC PLANNING AND MANAGEMENT

A. INTRODUCTION

The search for excellence is nowadays becoming a prominent ethos in the field of management studies. As Tom Peters, one of the most eminent writers in management literature, points out, there are two sustaining edges of excellence:

- '(i) staying close to customers, by providing them superior quality products and service (for the price), and
- (ii) constant innovation, not just in products and services, but in all aspects of business.' (Rizerk, 1989)

Another scholar, Drucker, also mentions that 'the entrepreneurship sees changes as the norm and as healthy. Usually, he does not bring about the change himself. But, and this defines entrepreneur and entrepreneurship, the entrepreneur always searches for change, responds to it and exploits it as an opportunity.' (Rizerk, 1989)

Managing organizations in the 1990s is by no means a simple task. In order to be dynamic and responsive, strategic management is the area of study in both management studies and public administration which concentrates on examining how the organizations, after analysing both the external environment and internal environment, should be adaptive to those changes.

B. DEFINING STRATEGIC PLANNING, STRATEGIC MANAGEMENT AND STRATEGY

'Strategic management is a philosophy or way of managing an organization. It ties the organization together with a common sense of purpose and shared values. It enables the organization to develop a clear self-concept, specific goal, and consistency in decision making (Duncan, 1995, P.10).'

The three terms, namely, strategic planning, strategic management and strategy are defined as follows:

Strategic Planning:

the set of processes used in an organization to understand the situation and develop decision-making guidelines for the organization.

Strategy:

a pattern in a stream of decision positioning an organization within its environment and resulting in the 'behaviour' of the organization. Additionally, a strategy is a future-oriented plan that provides decision-making guidelines for manages.

Strategic Management:

is a philosophy of managing the organization that is externally oriented and links strategic planning to operational decision-making. Strategic management attempts to achieve a productive and creative fit between the organization's external environment and its internal situation. (Duncan, 1985, p.10)

Strategic planning has been defined by Olsen and Eadie (1982) as 'a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it.' (p.4) It is thus designed to help leaders and decision makers think and act strategically. According to Olsen and Eadie, the essential characteristics of strategic planning include the following:

- (i) a process tailor-made to pursue a specific purpose in specific circumstances;
- (ii) the effective and targeted gathering of information;
- (iii) extensive communication with, and in particular by, the key stakeholders;
- (iv) the accommodation of divergent interests and values;
- (v) an assessment of the future implications of present decisions and actions;
- (vi) focused analysis, a creative exploration of alternative solutions, and orderly decision-making; and
- (vii) effective implementation, monitoring and evaluation.

(Olsen and Eadie, 1982, p.4)

Challenges and Strategic Planning

Langton (1989) has identified four influential trends which are affecting the non-governmental organizations:

- (i) societies are becoming older and more diverse, and NGOs are required to be more responsive in order to reflect the rapid change needs of community;
- (ii) the nature of the work will change because of the increasing complexity of the managerial task and the service demands;

- (iii) electronic technologies are transforming how people work and the use of computers is expected to improve the effectiveness and efficiency of performance; and
- (iv) construction and contracting will continue as dominant trends in Government, the NGOs needing to demonstrate their ability, capacity and capability in order to expand their service delivery system.

In his study about non-profit organizations in the US, Bradrowski (1985), identified nine conditions that mandate creative strategies. These conditions are as follows:

- (i) Slow-growth economy;
- (ii) High U.S. dollars (in US);
- (iii) Foreign competition;
- (iv) The crowded high-growth market;
- (v) 'Me-too' products equal low profit;
- (vi) Technological advances;
- (vii) Deregulation;
- (viii) Shorter strategy life cycles; and
- (ix) Past success not permanent.

C. THE TRADITIONAL PLANNING PROCESS

In the traditional literature of management, the planning process may be divided into five steps, namely:

1. Analysis -identifying and defining the problem, including all standard

strategic planning and analysis.

2. Creativity -generating and combining ideas.
3. Judgement -assembling and evaluating the options.
4. Planning -developing and detailing the strategy.
5. Implementation -executing and monitoring the results.

Figure 5.1: Traditional Planning Process

The five steps can be summarized in the flow chart as follows:

Step 1 Analysis		Step 2 Creativity		Step 3 Judgement		Step 4 Planning		Step 5 Action
standard planning		creative leaps		concept building		action planning		flexible implementation
insight development	→	strategic connection	→	critical judgement	→	creative contingency planning	→	monitoring results

(Source: Brandrowski J.F. (1985) *Creative Planning Throughout the Organization*, American Management Association Management Briefing, p.26)

The Strategic Process

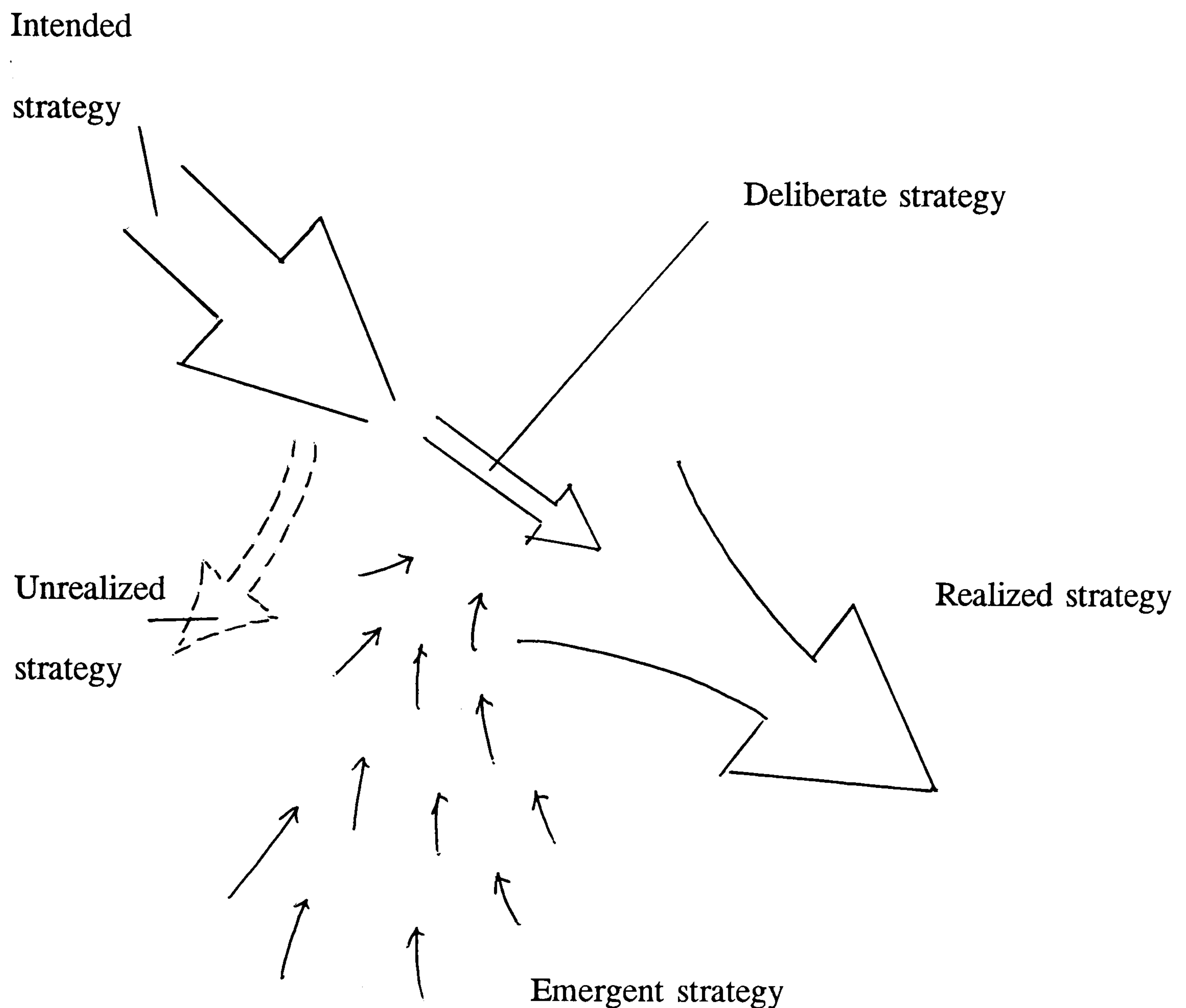
However, strategic planning is different from traditional approaches to management and planning. Thus, before moving on to discuss the process of strategic planning and management, it is important to examine the meaning of strategy.

Strategy is defined as a changing pattern of a company's business and social purpose, its sense of mission, its goals and objectives, and the implementation policies needed to achieve its selective ends. (Uterman & Davis, 1984)

Strategic Process is the development and implementation of long-range or large-scale plans, invariably resulting in changes in the structure and function of organizations.

Strategy is not a set of decisions made on high and set in holy tablets, such as the one-year or three-year plan or a one-year budget. Rather, it is the result of an ongoing process. The diagram on page 77 best illustrates the interplay of the key steps in the whole strategic process:

Figure 5.2: Strategic Process



(Source: Mintzberg, H. *The Strategy Process: Concepts and Contexts*, 1992, p.14)

The organization's actual situation (that is, realized strategy) can thus come about by the deliberate formulation and implementation of the plan; or the realized strategy can emerge from a pattern in a stream of decisions (that is, emergent strategy).

D. PHASES OF STRATEGIC PLANNING

Strategic management can also be categorized into three major phases: (i) Strategic Formulation; (ii) Strategic Implementation; and Strategic Management.

1. Strategic Formulation

Formulation begins with an analysis of the environment and an evaluation of potential opportunities and threats. It is a non-stop process because the environmental system is always changing.

As compared with the traditional planning process, strategic planning shows the following features:

Value system

The value systems of decision-makers have a major effect upon the goals that are selected, and the policies to implement those goals. Values can be personal, and surprisingly diverse, even in NGOs.

Environmental system

This stresses environmental scanning and covers the area of:

- the political situation, including government policy (P);
- economic forces (E);
- social systems (S); and
- technological changes (T).

The word 'PEST' is normally used to stand for the four main factors.

Government policy refers to the policy statements which regulate the development of the service. The four white papers in social welfare as discussed in Chapter 2 are examples which illustrate the impacts of social welfare policy on the development of voluntary organizations. The economic conditions also impose influences on the development of the voluntary organizations since the levels of subvention will be adversely affected if the economy declines. Social factors including demographic changes and an increase in the complexity of social problems, such as the high divorce rate or crime rate, will also affect the planning of the voluntary organizations. Lastly, the advancement of technology will also be an important factor in the development of organizations. For example, the computerization of office procedure will increase the efficiency of service delivery as well as the monitoring of the operational mechanism.

Goals and Objectives

Once the analysis of the environmental factors together with the internal resources has been completed, the board strategies must formulate a set of goals and objectives towards which the organization must move, on the basis of its mission statement.

2. Strategic Implementation

Implementation involves decoding of the action needed to carry out the plan. It is in the strategic implementation of the strategic process that management begins turning its thoughts into action.

3. Strategic Management

Strategic management is the management or control of the strategic process of instigating change. Performance evaluation is the basis for judging the effectiveness of any of the objectives of the strategy, the implementation process, and the people.

The management team

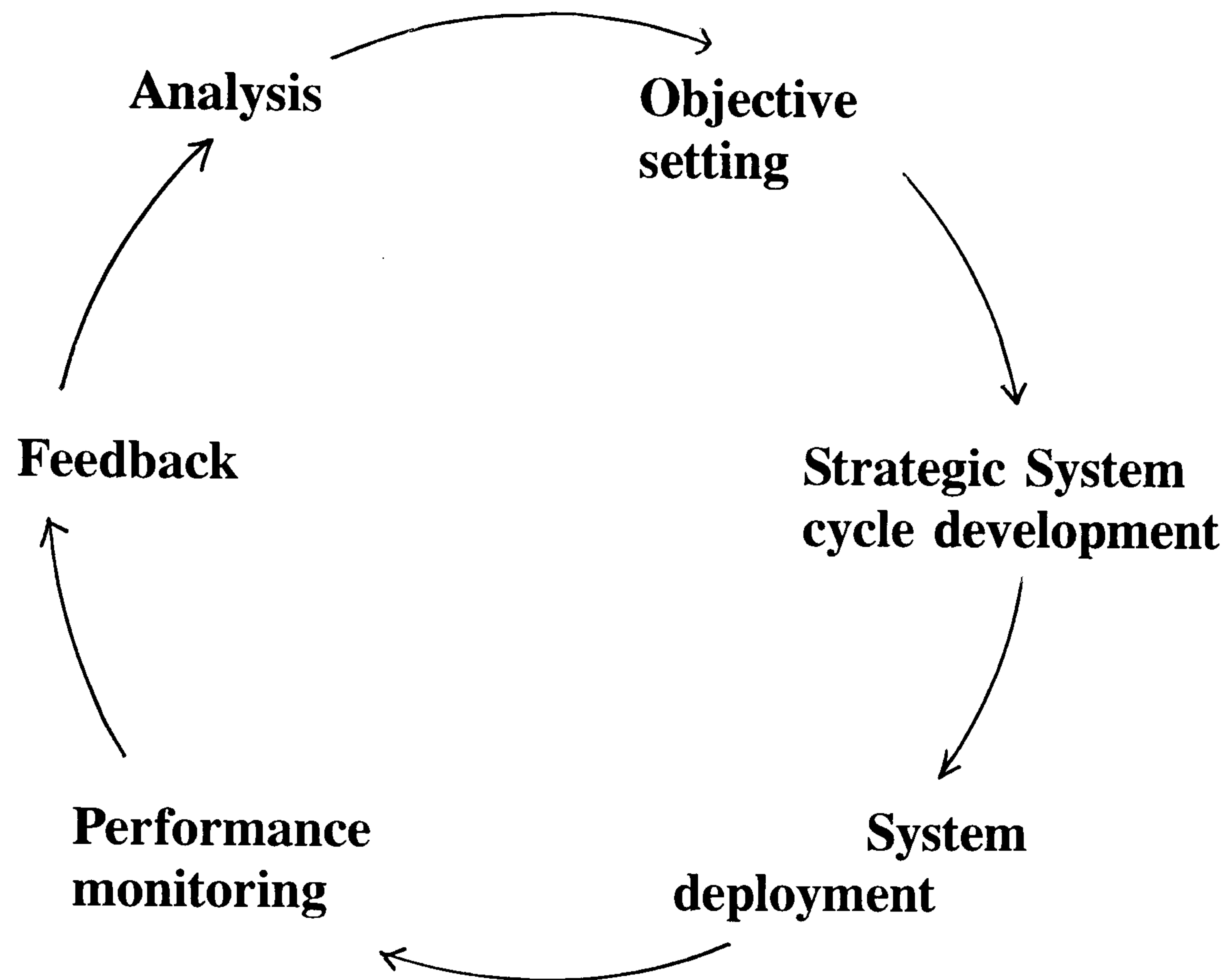
In small organizations, the board members may act as the total management team while in large organization, they may employ special staff, such as professional assistant as members of the management team. In the case of the Hong Kong Government, they even rely heavily on a 'think tank' as its principal advisor. The larger the size of the organization and the larger the geographic coverage, the greater the sequence and fragmentation of the management team will be.

The strategic cycle

The measurement of progress toward a strategic objective must be made frequently enough to allow the board members to detect and correct poor performance in figure

5.3.

Figure 5.3: The Strategic Cycle



Criteria of Evaluation

One distinct feature of strategic management systems is result-oriented and this is measured, for example, by:

- (i) Increase in the number of beneficiaries or members;
- (ii) Percentage of increase in the number of grants or revenue;
- (iii) Decrease in the cost/effectiveness of each individual beneficiary;
- (iv) Decrease in the fixed cost of accomplishing the mission;
- (v) The total number of hours spent by volunteers;
- (vi) The percentage increase in the number of volunteers;
- (vii) The increase or decrease of time spent by the board members;

- (viii) The ability of the executive director to stay within or decrease the expenditure budget; and
- (ix) The number of relevant and supportive articles in newspapers and other public relations material, or in the media as a whole, either at home or overseas.

E. THE PROCESS OF STRATEGIC PLANNING

Bryson (1988) offers a detailed account of the whole strategic planning process. According to Bryson, the process can be divided into eight steps: (1) development of initial agreement concerning the strategic planning effort; (2) identification and clarification of mandate; (3) development and clarification of mission and values; (4) external environment assessment; (5) internal environment assessment; (6) strategic issue identification; (7) strategy development; and (8) description of the organization in the future.

1. Development of an initial agreement concerning the strategic planning effort

The agreement should cover the purpose of the effort initiative; preferred steps in the process; the form and content of reports, the role, functions and membership of a strategic planning coordinating committee; the role, functions and membership of the strategic planning team; and the commitment of necessary resources to proceed with the effort.

2. Identification and clarification of mandate

The second step - the identification and clarification of the mandate- is to

identify and clarify the externally imposed formal and informal mandates placed on the organization.

Unless mandates are identified and classified, two difficulties are likely to arise: the mandate is unlikely to be met, and the organization is unlikely to know what targets are to be followed or are not allowed.

3. Development and clarification of mission and values

The mission of an organizations - in tandem with its mandates - provides its raison d'être, that is ,the social justification for its existence.

Prior to the development of a mission statement, an organization should complete a stakeholder analysis, and that includes the identification of its stakeholders and their 'stakes' in the organization. The organization should also explore how well it performs against the stakeholders' criteria. (stakeholders include citizens, taxpayers, service recipients, governing bodies, employers, unions, interest groups, political parties, the financial community and so on.)

4. External environmental assessment

External environment assessment is for the purpose of exploring the environment outside the organization in order to identify the opportunities and threats the organization faces. The external environment can further be sub-divided into two categories, namely, general environment and task environment. Such concepts have been discussed in the previous paragraphs in Chapter 4.

5. Internal environment assessment

The objectives of internal assessment are to identify the strengths and weaknesses of the organization. The contents of the internal environment assessment centre around three areas:

input	:	organizational resources;
process	:	present strategy; and
output	:	performance

6. Strategic issue identification

Strategic issues are fundamental policy questions affecting the organization's mandates; mission and values; product or service level and mix, clients, users or payers, cost, financing, management or organization design.

There are three elements relating to the question of strategic issues:

- (i) the issue should be described succinctly, preferably in a single paragraph.
- (ii) the factors that make the issue a fundamental policy question should be listed.
- (iii) the planning team should state the consequences of failure to address the issue.

Moreover, there are also three basic approaches to the identification of strategic issues, the direct approach, the goals approach and the scenario approach.

(i) The Direct Approach:

Strategic planners go straight from a view of mandates, mission statement and the SWOT analysis to the identification of strategic issues.

(ii) The Goal Approach:

This is more in line with conventional planning theory which stipulates that an organization should establish goals and objectives for itself and then develop strategies to achieve those goals and objectives.

(iii) The Scenario or 'Vision of Success' Approach:

The organization develops a 'best' or 'ideal' picture of itself in the future as it successfully fulfils its mission and achieves success.

7. Strategy Development

Again, according to Bryson, a strategy is a pattern of purposes, policies, programmes, actions, decisions and/or resources allocations that define what an organization is, what it does and why it does it. The development of strategy can be identified by the following methods:

rhetoric -what people say

choices -what people decide and are willing to pay for

actions -what people do

b. Description of the Organization in the Future

The organization describes what it should look like as it successfully implements its strategies and achieves its full potential.

The vision of 'success' should surely include the organization's mission, its

basic strategies, its performance criteria, some important decision rules, and the ethical standards expected of all employees.

FIVE KEY INGREDIENTS TO SUCCESSFUL STRATEGIC PLANNING IN NON-PROFIT ORGANIZATIONS

Longton (1989) discussed the five key factors for the successful strategic planning in NPOs:

1. Adequate Data

Strategic planning looks in two directions in its search for relevant data

- (i) inside the organization - to measure and assess what are its strengths and its weaknesses;
- (ii) external environment - to identify relevant existing or emerging forces and changes in the community.

2. Value and Vision

The mission statement is both a social construct for people and a rudder for the organization.

3. Participation and Leadership

The participation and leadership should attract all the people connected with an organization.

4. Implementation

This is at the point where the mission, goal and objectives of an organization

have to be connected with the operational and action plans of working units.

Flexibility

The Greek word 'stratego' - which means a general and any organization needs a flexible leader in order to cope with rapidly changing demands.

CHARACTERISTICS OF "GOOD" STRATEGIES

Hay (1990) has identified eight characteristics of 'good strategies'. These are listed as follows:

- create a competitive advantage;
- create value;
- integrate actions;
- give a "direction" for the organization;
- create a value thrust to accomplish a mission;
- create a product/service market mix;
- combine direction, value, thrust and mix; and
- provide 'strategic fit'.

1) Create a Competitive Advantage

Since most of the organizations do have their competitors in the environment, one of the characteristics of effective strategy is the idea of competitive advantage. That is to say, if an organization has a competitive advantage over other competitors, then it would attract more resources.

) **Create Value**

As Hay has indicated, a good strategy is one that creates value for the resource contributors of the organization, and this means that a strategy has to create a product and/or service benefits that a client will consume, or the strategy has to reduce the costs so that price decrease becomes possible. (p.57)

) **Integration of Actions**

Integration of action refers to an overall strategy for the organization has to include a series of integrated actions and these have to tie in with other functions and activities, making a unified whole.

) **Gives a Direction for the Organization**

Any core strategy should provide the basis for determining the direction of the organization, either (i) to grow (that is, to move forward); (ii) to stay the same; or (iii) to reduce growth and expenses (that is, to cut back). Of course, such choices would depend very much on the chief executive's philosophy and his or her perception of environmental influences on the organization.

) **Create a Value Thrust to Accomplish a Mission**

A core strategy should also provide value that gives a thrust to the series of integrated plans that make up the strategy. There are three thrusts:

- (i) to improve the service via differentiating, innovating, or improving the quality, plus other activities (move forward);
- (ii) to segment the market or concentrate on a market (maintain);

- (iii) to reduce the cost of a service via production, marketing, financing, or personnel activities in addition to managerial decisions. (cut back).

i) **Create a Service-market Mix**

Since most NGOs offer a variety of services, a strategy should provide a proper mix of service to serve the needs of their markets. The strategy that helps the organization grow may be one of the following:

- i) offer old services into new markets;
- (ii) offer new services into old markets;
- (iii) offer new services into old markets;
- (iv) offer an old product in an old market.

Fig. 5.4 **Service-market Mix**

	old service	new service
old market	(iv)	(ii)
new market	(i)	(iii)

) **Combine Direction, Value Thrust and Mix**

After the direction of the organization, a value thrust to achieve the mission, and a service-market mix are identified, a framework can be constructed as follows:

Fig. 5.5 Combining Direction, Value Thrust and Mix

<u>Direction</u>	<u>Mix of Service/Market</u>	<u>Value Thrust</u>
Move forward	old service/new market new service/old market new service/new market differentiate old service	market focus service enhancement /old market
Maintain	old service/old market	cost reduction
Cut back	old service/old market	cost reduction

) **Provide Strategic Fit**

A strategy has to fit or be congruent with at least four variables, as perceived by the chief executive:

- (i) the philosophy of the chief executive;
- (ii) the external environmental factors, forces and events;
- (iii) the objectives for which it is formulated; and
- (iv) the internal resources and functions of the organization.

I. **SUMMARY**

This chapter has attempted to examine the concepts of strategic planning and management. First of all, both traditional planning and strategic planning were compared and analysed. Secondly, the stages of strategic planning were also discussed. Five key ingredients of successful strategic planning in non-profit organizations and Hay's description of good strategies has been also highlighted.

SECTION III RESEARCH DESIGN AND METHODOLOGIES

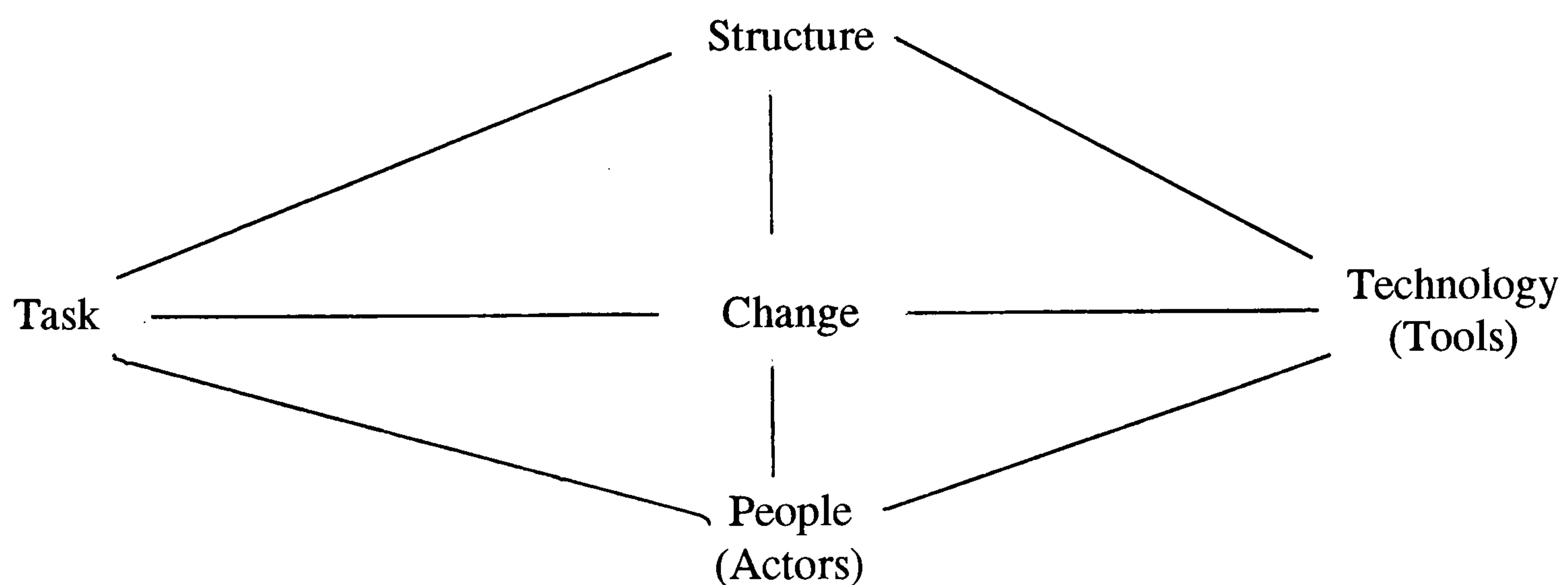
HAPTER SIX

CRITICAL REVIEW OR RELEVANT LITURATURE

1. INTRODUCTION

Change can be considered as the formal acceptance of a proposed addition, modification or deletion in administrative policy, programme or procedure by a person or persons, with authorization to do so. It is further subdivided into exogenous change and endogenous change. Exogenous changes refer to changes generated with the macro-environment while endogenous change refers to change generated from within the organization itself. (Bryson 1988; Rothman 1981; Patti 1980; Resnick 1980; Crow 1987; and Weiner 1982)

According to Holloway and Brager (1985), there are three common forms of organizational change/innovation, namely: people-focused change, technological change and structural change. Mohan (1972) has also identified the four sources of change and their impact on the organization as follows:-



(Source: Mohan, 1972)

Fig 6.1 Sources of Changes

a) **People-Focused Change:**

This assumes in some measure that the participants perform unsatisfactorily as a direct result of their own insufficiencies. In this view, neither the structural arrangement nor the problem is seen to be caused by the agency's activities. Rather, it is the staff who are insufficiently skilled in providing them or are uncertain about how to apply their roles. Training and education are the primary modes of intervention in this instance.

b) **Technological Change:**

This refers to alterations in the agency's services the procedures and activities that contribute to organizational output.

c) **Structural Change:**

This refers to the ways in which the members of an organization are arranged in relation to one another; and the prescribed relationships and rules, either formal or informal, that define organizational authority and responsibility. Any changes in such structures are regarded as structural change, For example, this may involve shifts in patterns of communications, the creation of new roles or the redefinition of current roles, and the redistribution of rewards and responsibilities.

3. REVIEW ON PREVIOUS RESEARCH STUDIES

Feinstein (1985) points out that strategic planning is much like standard planning practice, with some technical refinements. The basic elements of planning remain the same:

1. Assessing (external environment and internal organization)
2. Defining (strengths, weaknesses, opportunities and threats)
3. Developing (appropriate direction and strategies)
4. Monitoring (planning and progress)

Savas (1978) points out that there are three broad areas essential to the management of NGOs: (i) formulating and implementing a strategy for an organization, and controlling an organization so that it achieves its strategic objectives; (ii) the performance of an organization, including the concepts of efficiency, effectiveness, and equity; and (iii) management technology. He further elaborates that strategy formulation involves an assessment of the external environment that affects an organization, the internal strengths and weaknesses of the organization; and the mission or fundamental goals and values of the organization.

In examining the ways that organizations respond to the environment, Vogel and Patterson (1986) state that research suggests that social service organizations, undertake, in fact, very little planning. They explain that the negative connotation of planning in social

services may be due to the view of planning as an activity unrelated to service delivery. However, many of the social service organizations began their awareness in strategic planning in the 1980s (Eisele & Kleindorfer, 1978; Gibb 1978; Spratkin 1978; McConkey 1981, and Weiner 1982). Vogel and Patterson (1986) also highlighted the practical requirements for strategic planning as follows:

1. the establishment of a board of directors - Ad-hoc planning committee;
2. the development of staff task forces on agency issues;
3. the collection of information on current services in the area;
4. the clarification of the agency mission; and
5. the documentation of the strategic plan.

However, most of the literature only reviews the core concepts and knowledge base of strategic planning without providing research-based information in supporting the arguments. There are only limited studies of organizational response to the environment or strategic planning in the field of the non-profit sector. Edwards and Kirk (1986) conducted a small-scale study about the response of American Schools of Social Work in coping with the resource decline. Three forms of environmental conditions were identified: erosion, dissolution and collapse. They also developed a framework for resource allocation decision-making involving the concepts of centrality, environmental power, institutional power and resource allocation. However, such a study is considered rather narrow as only six institutions were examined. Any generalization is thus very much limited.

Another study conducted by Webster and Wylie (1988) examined the relationship between the competitive environment and strategic planning. Considering the factors influencing an organization to adopt strategic planning, three types of factors were posed as potentially influential, namely, (a) organizational funding; (b) organization characteristics; and (c) market conditions. It was concluded that those non-governmental organizations are not freely choosing strategic planning as a tool to reconcile the organization with a competitive commitment, the purpose for which strategic planning was designed. Yet, the Webster and Wylie study only focused on the factors affecting the decision of adopting strategic planning without examining the various types and degree of strategic planning involved.

Schmid (1992) conducted research into the identification of the strategies for human services organizations and he pointed out that there are three strategies:

- i) Co-operation vs. Competition;
- ii) Generalism vs. Specialism; and
- iii) 'R' vs. 'K' Strategies.

According to Schmid, 'R' strategies mean moving quickly to explore resources, and to trade on speed of expansion, while 'K' strategies mean gaining a competitive edge through operational efficiency and increasing the certainty of control over resources in established domains. (Schmid, 1992)

The findings and conclusion of Schmid's research on the relationship between environment, strategy and organizational features can be summarized in a table as follows:

Organization	Environment	Strategy	Structure
Type A	Turbulence Heterogeneity Uncertainty Lack of resources	competition generalism	organic informal decentralized
Type B	Placidity Homogeneity Certainty Flow of resources	co-operation specialism	mechanistic formal centralized

(Source: Schmid (1992) *Strategic and Structural Changes in Human Service Organizations: the role of the Environment*)

* This table was slightly modified by the writer for the purpose of clarification.

Fig 6.2 Relationship between environment, strategy and organizational features.

However, Schmid's research study was conducted in Israel and there should be appropriate hesitation in generalizing the findings to other countries like Hong Kong because of the difference in the political and economic and social environment.

This present research study aims to examine the variables affecting the decision of the adoption of strategic planning as well as examining the nature or forms of strategies that Hong Kong NGOs adopt in responding to environmental influences with particular reference to the territory, and lastly, to analyse the determinants affecting the decision-making in the strategic management process of the NGOs in the local scene.

C. THEORETICAL AND CONCEPTUAL BASE FOR THE RESEARCH STUDY

1. Major Components in Understanding Organization

The Contingency Model of social welfare administration as discussed by Gilsson (1985) has served as a basic paradigm in understanding the dynamics and interplay of the various subsystems of a non-governmental organization. Such a framework is based upon the contingency model of organization and management presented by Kast and Rosenzweig (1973). The model depicts the organization as a social system comprised of interconnected subsystems which exist in a supra-system, or environment, consisting of other social systems. The administrator's job is to facilitate the functioning and interrelationships of the organizational systems as well as to ensure a relationship with the organizational survival. Kast and Rosenzweig argue that appropriate administrative behaviour is contingent upon the characteristics of a specific organization and the environmental situation in which it exists. (Gilsson, 1985, p.85)

Gilsson (1985) also points out four advantages of applying the contingency model to social welfare administration:

- (i) it recognizes that various types of organizations and situations demand different organizational designs and managerial actions;
- (ii) it provides a context for the consideration of the unique characteristics of organizational systems which deliver services to human beings;
- (iii) it relies heavily on general systems theory in conceptualizing the

interrelationship of the organization's subsystems and the relationship between the organization and its environment; and

- (iv) the proponents of the contingency model define the model in developmental terms.

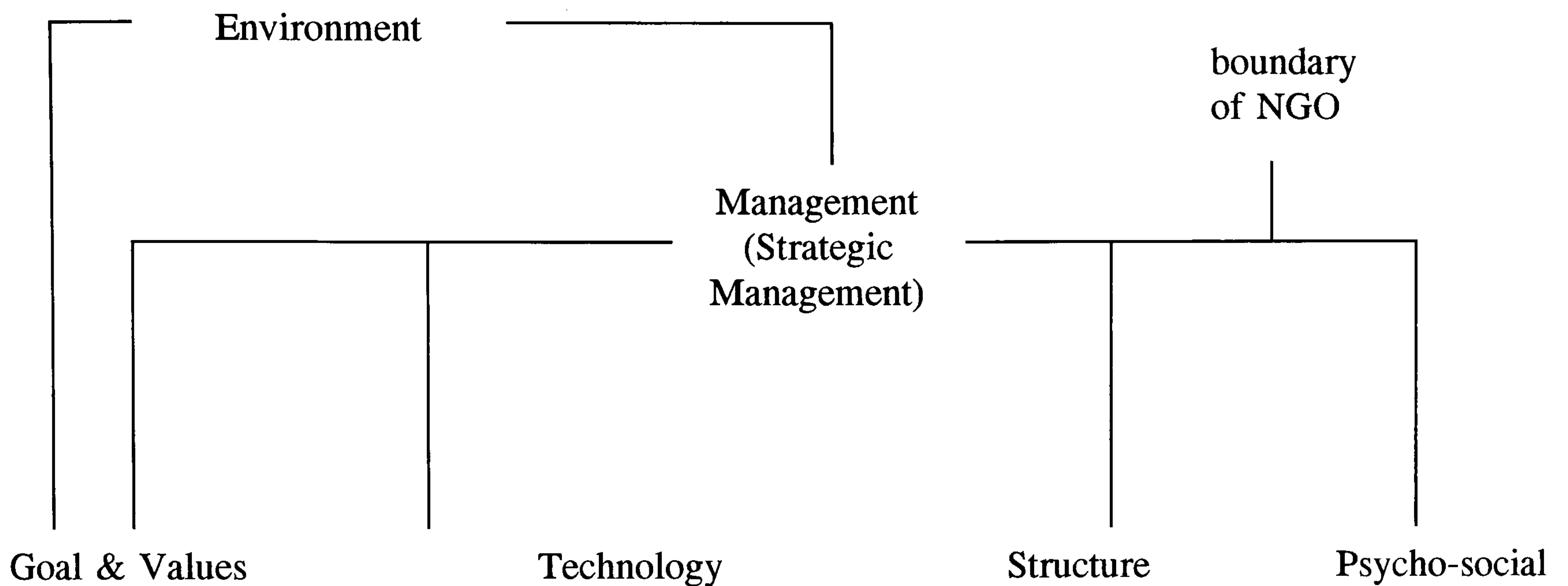


Fig. 6.3 Environmental and Subsystem Components of Non-government Organizations

(this diagram has been slightly modified by the writer)

(source: Glisson, C. 'A Contingency Model of Social Welfare

Administration' in Slavin, S. (ed.) *An Introduction to Human Services*

Management, 1985, p.98)

a) Environment:

This is made up of other social systems which include those which provide funding resources and legitimacy. Other significant elements in the organization's environment include the clients and interested community

groups.

b) Goals & Values:

These direct policy, planning, and behaviour at different levels of the organization. According to Glisson (1985), goals are a set of constraints within which choices are made in order to help one to view goals and values as part of a system. Constraints, or limitations, are placed on the activities of organizations delivering services by professionals, clients, clients, the community, and funders.

c) Structure:

This consists of the formal structure of an organization which can be divided into broad dimensions of centralization and formalization. Glisson expands that the more an organization's structure is centralized and formalized, the more formal control is exercised over work behaviour. Centralization and formalization reduce contingencies and increase certainty in the administration of the organization. (Glisson, 1985, p.99)

d) Technology:

This is the knowledge and activities used by workers in processing or changing. According to the technology model of organization presented by Perrow (1967), and others, the technology of an organization defines its structure, so technological indeterminacy would suggest that organizational members who directly work with clients should be given considerable

autonomy to handle what is an unprogrammable and unpredictable task (Glisson, 1985, p.100).

e) **Psycho-social System:**

This involves the psychological and social relationship factors affecting the behaviour of individual workers and the performance of the entire organization. Glisson (1985) elaborates that included in the psychosocial subsystem are personality factors and individual characteristics such as motivation, job satisfaction, anxiety, extroversion, and so on. In short, this subsystem is comprised of attitudinal, affective, and interpersonal variables which are not a part of the formal organizational charter or structure and are not generally considered explicitly in formal organizational policy and planning.

f) **Management:**

This is used to 'co-align' the four systems so that they are complementary and supportive. Glisson then emphasises that co-alignment requires a repertoire of administrative skills which includes the ability to properly manipulate formal structure, the maintenance of positive relationships among organizational members, the utilization of rewards and incentives to guide work behaviour, the development of organizational channels through which information can be efficiently shared, the identification of in-service training needs to support programme objectives, and the appropriate selection and assignment of personnel to assume

organizational roles (Glisson, 1985, p.102).

**TEXT BOUND INTO
THE SPINE**

2. Strategic Management Process

Returning to this piece of research, the major objectives are to examine the variables affecting the organizational strategies of the NGOs in responding to the environment, the subsystems under study including the environment supra-system, structure, and technology. The specific objectives can be summarized in the following diagram:

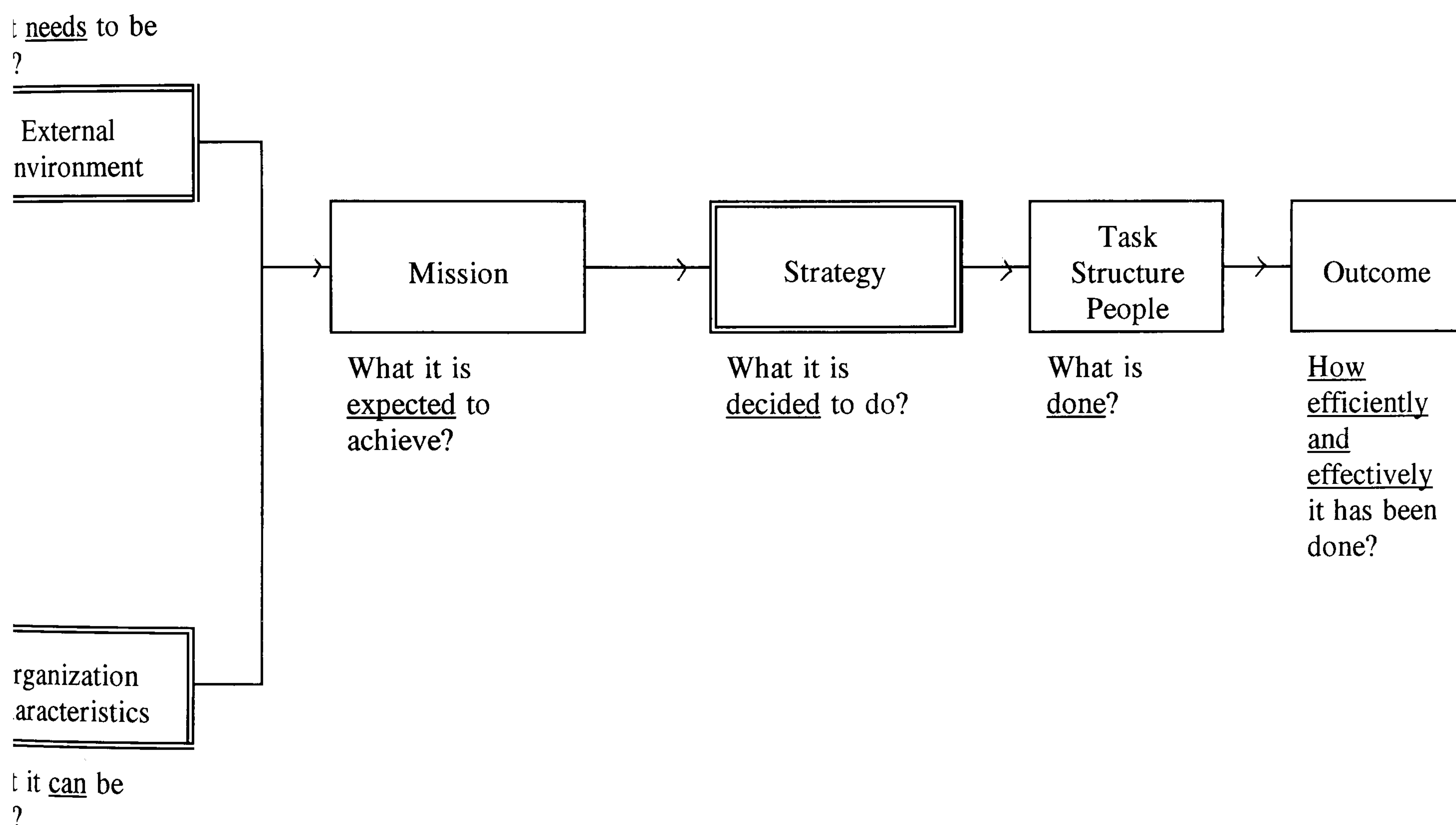


Fig 6.4 The Strategic Planning Process

(Adapted from: Vogel, L. and Pattern, I, 'Strategy and Structure: A Case Study of the Implication of Strategic Planning for Organizational Structure and Management Practice', *Administration in Social Work*, Vol.1, 10 (2), Summer 1986, p.53)

3. Specific Research Questions

The specific questions explored in this piece of research project have been:

- What needs to be done in view of an ever-changing environment?
- What can NGOs in Hong Kong achieve after examining their organizational characteristics?
- What do the NGOs want to accomplish as reflected in their mission statement, if any?
- What steps have NGOs undertaken to complete by examining and clarifying the strategies they have adopted?
- What have the NGOs achieved by examining the types of task, structure and people involved in the provision of service?
- What has been achieved by measuring the performance?

4. Types of Strategies

Thompson (1965) classified the types of strategies, according to the nature of decision-making, as shown in the following diagram:

Preference regarding positive outcome

		Certainty	Uncertainty
Belief about cause/ effect relations	Certainty	Computational Strategy	Compromise Strategy
	Uncertainty	Judgemental Strategy	Inspirational Strategy

Fig 6.5 Types of Strategies

(source: Thompson, J. *Organization in Action*, 1965)

Butler and Wilson (1984) used another approach to classify different strategies by examining the inter-organizational linkages. There are two types of strategies, namely, ‘competitive strategies’ and ‘co-operative strategies’. Competitive Strategies refers to the approach that places an emphasis upon improving the efficacy of existing procedures for the delivery of services; for gaining funding; and extending tested methods to new givers or receivers. Cooperative Strategies, on the other hand, refers to the approach that places an emphasis on the development of joint programmes of a formal or informal nature and develops a stable contracting type of relations with the givers or receivers of other NGOs.

Kramer and Grossman (1987) have stated that there are six types of 'survival strategies' for organizations in coping with environmental influences. These strategies are formulated in terms of five dimensions: political; funding; programmatic; structural; and role change. There are some common goals underpinning these survival strategies. Firstly, the goal is to cut expenses and/or increase resources. Second, the aim is to deliver desired levels of services to clients. Third, there is a goal to position the organization strategically so that it can both influence and respond to environmental changes affecting service delivery.

The strategies are:

a) Political Strategies

These types of methods involve planned activities designed to influence those who allocate the resources. By using Kramer and Grossman's term, they are called 'interpersonal management'. The political strategies can further be categorized by two approaches: smoothing strategies and coopting strategies. The smoothing strategy includes making peace among competing programmes such as cutting low prestige programmes or sharing problems with other agencies. Concerning the coopting strategy, resources controllers are coopted by involving them in committees and workshops to expose them to the rationale for implementing programmes and providing evidence of the agency's effectiveness. (Patti, 1987)

b) Funding Strategies

Under the funding activities, there are two major categories, namely, the tightening of controls and the seeking of new funds.

i) Tightening Controls

Tightening controls refers to the tightening of fiscal screening procedures and

increasing their fee collection, often by involving professionals more in the collection process. (Roberts and Roberts, 1985) There is also an emphasis on implementing billing systems to increase payments, comparing costs and revenue by types of services, projecting cash flow, and improving hiring practice. (Jerell and Laren, 1984) In the Hong Kong context, many non-governmental organizations adopted such an approach in times of financial constraint during the 1980s.

ii) Seeking New Funds

New resources are found by adopting approaches to attract private paying clients and to develop some programmes which are also attractive to the private sector. For example, the Employee Assistance Service (EAP) is becoming more popular in the welfare field. In the year 1989, there were only three organizations providing this service. By the year 1995, there are more than fourteen organizations offering the EAP service to the private sector.

However, according to Mordock (1989) , developing EAP is regarded as short-term because companies with branches in different locations (such as IBM) are reluctant to contract with different programmes to serve different branches. Thus , the organizations can only approach and contract with the smaller companies. In Hong Kong, the smaller NGOs which have a less competitive advantage as compared with the larger NGOs adopt such strategies or contract with other human service agencies. Some may seek funds to serve special populations. However, grant seeking and grant management may be particularly burdensome for some small organizations. The difficulties are increased when grants and contracts favour so-called 'innovative

projects', such as the use of a networking approach in providing community care service to patients is receiving greater attention in Hong Kong. For example, the use of patient resource centre is the approach which adopts the concept of community care and provides services to the out-patients and their family members.

In addition to these two approaches, other approaches are being implemented to include obtaining funds from private corporations and trusts or to organize some fund-raising activities, For instance, the Community Chest of Hong Kong (one of the largest fund-raising bodies in the territory) organizes 'Walk for a Million' activities to raise millions of Hong Kong dollars every year.

c) Modification of Programme Resources

Modifications can be made by altering the service mix , the case mix, or the staff mix. Altering the service mix refers to changing the specific services offered to clients, as well as the amount, quality, location, and other factors affecting their availability.

Altering the case mix refers to offering different or related services to various target populations.

Changing the staff mix includes the use of volunteers, low paid paraprofessionals, professionals, less qualified professionals who may be compensated by supervisory hours, and lower-paid part-time staff members with 'flexible benefits' or even few fringe benefits.

d) Changing the Structural Dimension

This type of approach involves modifications in the affiliation with other organizations that serve similar clients. Fine and Fine (1986) refer to these collaborative efforts among

agencies as joint efforts or social marketing. They believe that the future survival of agencies depends upon their accepting that their agency is just one in a system of institutions that comprise a 'distribution channel' for the services being marketed. These kinds of modification may be in the forms of collaboration, referral, sub-contracting, cost-sharing or consolidation and merger.

e) Role Change

This approach means a change in the role of an agency. An organization may change from being a service provider to being a monitor or broker for clients. The use of case management in some agencies is a good example of this approach.

f) Result-orientation Approach

This approach may be referred to by what Patti named 'effectiveness-oriented administration'. (Patti, 1987) It is the acceptance of the belief that all programmes must continually demonstrate their effectiveness. This attitude should extend downward to staff level so that people are hired and supported who systematically evaluate their performance. It is evident that some NGOs in Hong Kong are practising 'Total Quality Management' in order to improve their service quality and effectiveness. Such agencies include the Society for the Aged, St. James Settlement, and the Diocesan Welfare Council.

Hasenfeld (1983) further identified the following four strategies which are adopted by NGOs in changing the power-dependence relations from the funder:

1. Authoritative strategies
2. Competitive strategies
3. Co-operative strategies
 - a) Contracting
 - b) Coalition
 - c) Co-option
4. Disruptive strategies

For authoritative strategies, it is 'authoritative in the sense that the directing agent uses its power to mandate precise activities and not merely to encourage or reward these activities. This implies, too, that the directing agent is sufficiently powerful in relation to a network to permit a precise specification' (Hasenfeld, 1983, p.70).

Regarding competitive strategies, according to Hasenfeld, an organization can increase its power by using competition to make its services more desirable and attractive in social service network. Competition to increase organizational power is a highly desirable strategy since the potential payoff is increased organizational independence and freedom to negotiate exchange relations (Thompson, 1967, pp.32-33).

By cooperation, it refers to a situation that an organization is willing to make a commitment to supply an element in the task environment with a service it needs, thus reducing the element's uncertainty about getting such a service (Hasenfeld, 1983, p.73). Three forms of cooperative strategies are distinguished, namely contracting, coalition, and cooptation. For contracting, a contract is a negotiated agreement, formal or informal, between two organizations for exchange of resources or services. A coalition is the pooling together of resources by several organizations for a joint venture. It provides a structure through which

decisions related to a common set of interests are made via explicit mutual agreement among the member organizations. Cooptation is a process whereby representatives of key elements in the task environment are absorbed into the leadership or policy-making structure of an organization in order to avert threats to its stability or existence (Selznick, 1949).

According to Hasenfeld, disruptive strategies refer to the purpose conduct of activities which threaten the resource-generating capacities of the target economy (Hasenfeld, 1985, p.79).

Smith and Cantley (1985) argue it is not an easy task to conduct organizational evaluation. They point out four main difficulties:

- (i) inability to determine goals;
- (ii) inability to control output;
- (iii) inability to measure or evaluate output; and
- (iv) a combination of (i), (ii) and (iii). (1985, p.7)

In their work *Assessing Health Care: A Study in Organizational Evaluation* proposed the idea of 'Pluralistic Evaluation'. The essential features of the pluralistic evaluation approach are as follows:

- '(i) the approach is heavily informed by models of institutional functioning and the policy process which draw upon theories of political pluralism;
- (ii) the research must identify the major constituent groups to the policy initiative and, throughout the research, compare them with each other, both in the ideological that hold, and in their operational strategies;
- (iii) data must be collected on respondents' interpretations and perceptions of 'success' in service provision;
- (iv) the study must document not only the plurality of notions of success but also the different groups' strategies as they strive to implement their own perspectives in their

own interests;

(v) success is a pluralistic notion. It is not a unitary measure;

(vi) pluralistic evaluation must embody the principles of methodological triangulation;
and

(vii) pluralistic evaluation offers an ethnography of the way the services function and an explanation of the processes involved as well as conclusions about the success of the services on a range of criteria.' (1985, pp.172-173)

In their study of assessing the hospital service in the United Kingdom, six criteria have been created, namely, success meaning free patient flow; success meaning clinical care for patient; success meaning the provision of and integrated services; success meaning beneficial impacts on related services; success meaning support for relatives; and success meaning service of high quality (1985, p.44). In this study, the idea of pluralistic evaluation, both in political and methodological aspects, is adopted.

6. Evaluation of Strategies

According to Tilles, there are six criteria for evaluating corporate strategies. These are:

- i. internal consistency;
- ii. consistency with the environment;
- iii. appropriateness in the light of available resources;
- iv. satisfactory degree of risk;
- v. appropriate time horizon; and
- vi. workability.

- i. **Internal Consistency** refers to the cumulative impact of individual policies on corporate goals. This should not be judged in terms of itself, but also in terms of how it relates to other policies which the company has established and to the goals it is pursuing (Tilles, p. 114) The criteria of internal consistency are especially important for evaluating strategy because they identify those areas where strategic choices will eventually have to be made.

An inconsistent strategy does not necessarily mean that the organization is currently in difficulty, but it does mean that unless management keeps its focus on a particular area of operations, it may well find itself forced to make a choice without

enough time either to search for or to prepare for attractive or appropriate alternatives.

ii. **Strategy is consistent with the environment**

The policy of an organization is a reflection of its interaction with the outside environment, namely government, customers, and related organizations. Hence, an important test of strategy is whether the chosen policies are consistent with the environment, that is, whether they really make sense with respect to what is going on outside.

Consistency with environment has both a static and a dynamic aspect:

- a) static sense: this implies judging the efficacy of policies with respect to the environment as it exists now;
- b) dynamic sense: this means judging the efficacy of policies with respect to the environment as it appears to be changing.

The purpose of a viable strategy is to ensure the long-term success of an organization.

iii. **The Strategy is appropriate in view of the available resources**

Resources are those things that an organization has that helps it to achieve its corporate objectives. Such resources may include money, competence and facilities.

In any case, there are two basic issues about which management must decide in relating strategy and resources. These are:

- What are the critical resources?
- Is the proposed strategy appropriate for available resources?

a) **Money:**

Money is a particularly valuable resource because it provides the greatest flexibility of response to events as they arise.

b) **Competence:**

Organizations survive because they are good at doing those things which are necessary to keep them alive. Organizations need to identify their own "distinctive competence" in determining a strategy by carefully appraising their own skill profile in order to determine where its strengths and weaknesses lie. They must adopt a strategy which makes the greatest use of their strengths.

c) **Physical Competence:**

Any appraisal of an organization's physical facilities as a strategic resource must consider the relationship of the company to its environment.

Facilities do not have intrinsic value for their own sake. Their value to the organization is either in their pertinent location relative to market, to sources of labour, or to materials; or in efficiency appropriate to existing or impending competitive installations.

iv. **The Strategy involves an acceptable degree of risk**

The identification of some qualitative factors which may serve as a rough basis for evaluating the degree of risk inherent in a strategy are:

- a) the amount of resources (on which the strategy is based) whose continued existence or value is not assured.
- b) the length of the time periods for which resources are committed; and
- c) the proportion of resources committed to a single venture.

The greater these quantities, the greater the degree of risk that is involved.

v. **The Strategy has an appropriate time horizon**

A viable strategy not only reveals what goals are to be accomplished; it says something about when the aims are to be achieved.

In choosing an appropriate time horizon, we must pay careful attention to the goals being pursued, and to the particular organization involved.

vi. **The strategy is workable**

The simplest way to evaluate a corporate strategy is a completely pragmatic one:

Does it work?

Two critical factors:

- (i) the strategy selected; and

- (ii) the skills with which it is being executed.

There are some other indicators that may be used to assess its contribution to corporate progress:

- a) the degree of consensus among executives with reference to corporate goals and policies;
- b) the extent of managerial choice are identified in advance;
- c) the extent to which resource requirements are discovered well before the ingredients are combined together.

D. PUTTING ALL TOGETHER

This study aims at examining the impact of the adoption of different strategies with respect to the external environment of the organization and its organizational characteristics.

The scope of this study can be summarized in the following diagram:

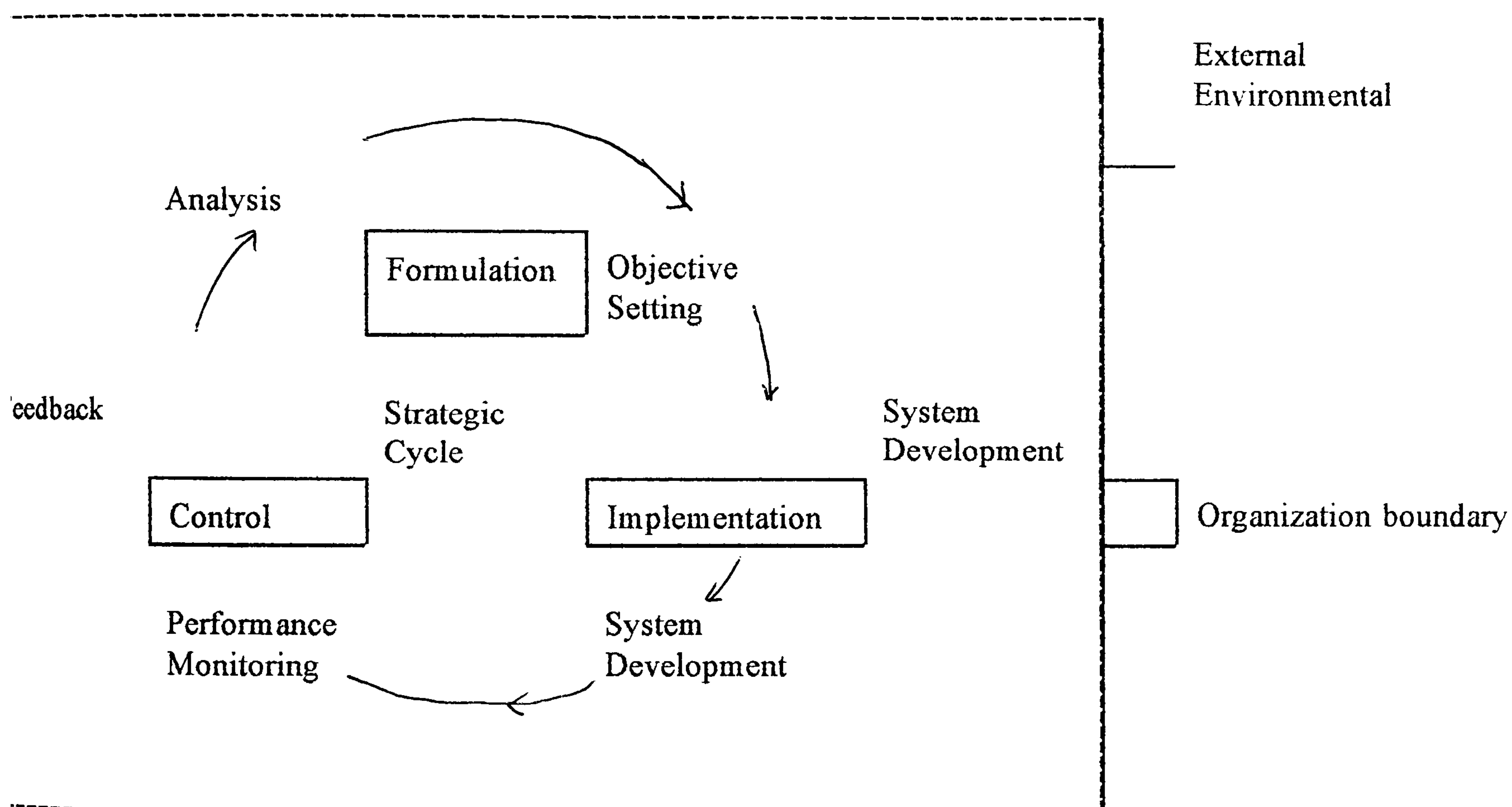


Fig 6.6 Continuous and Dynamic Strategic Management Cycle

(Source: Unterman, I. and Davis, R. H. *Strategic Management of Non-for-Profit Organization*, 1984, p.21)

(i) Conception of some important terms in other similar research studies

a) The 'External Environment' refers to the factors outside the organization that provide great influence on the strategy formulation, for example, the funding source, perceived competition and so on. The types of environmental context that affect the organization can be classified as:

i) Dynamic: with many significant people, high voluntary sector share, high efficiency in resource mobilization

ii) Service: high service norms, but with low reserves

iii) Niche: small number of significant people, low voluntary sector share

iv) Protected: with many significant people, low efficiency in resource mobilization

b) The 'Organizational Characteristics' refer to the essential features of the organization such as:

- history
- size
- background

- types of service (complexity) and span of control
- number of personnel in the hierarchy (formalization)
- degree of professionalization
- degree of centralization, such as executive/board influence
- degree of departmentalization, such as establishment of research and development unit or information system unit

c) The 'strategy' or the 'strategic profile' can be:

The strategies that the organizations adopt may be classified by their concern for both input of resource and output of service. The following diagram can be used to summarize the four types of strategic profile:

		<u>Concern for Output (Service)</u>	
		high	low
<u>Concern for input (resource)</u>	high	co-operator	acquitter
	low	extender	reactor

Fig 6.7 The Strategic Profile

The characteristics of such of the strategic profile are as follows:-

- a) co-operator: high concern for both resources (input) and the service (output). They adopt both competitive and cooperative strategies.

- b) extender: low concern for resources (input) but high concern for service (output). They focus more on the competitive strategies rather than the cooperative strategies.
- c) acquitter: high concern for resources (input) but low concern with service (output). The agencies focus more on co-operative strategies than competitive strategies.
- d) reactor: low concern for both resources (input) and service (output). They neither adopt competitive nor co-operative strategies.

(ii) A Modified Conceptual Framework

In this study, the propositions and hypotheses are listed as follows:

- a) the greater the complexity of the organization, the higher the tendency to adopt co-operative strategy;
- b) the greater the formalization of the organization, the higher the tendency to adopt co-operative strategy;
- c) the higher the degree of professionalization, the higher the tendency to adopt

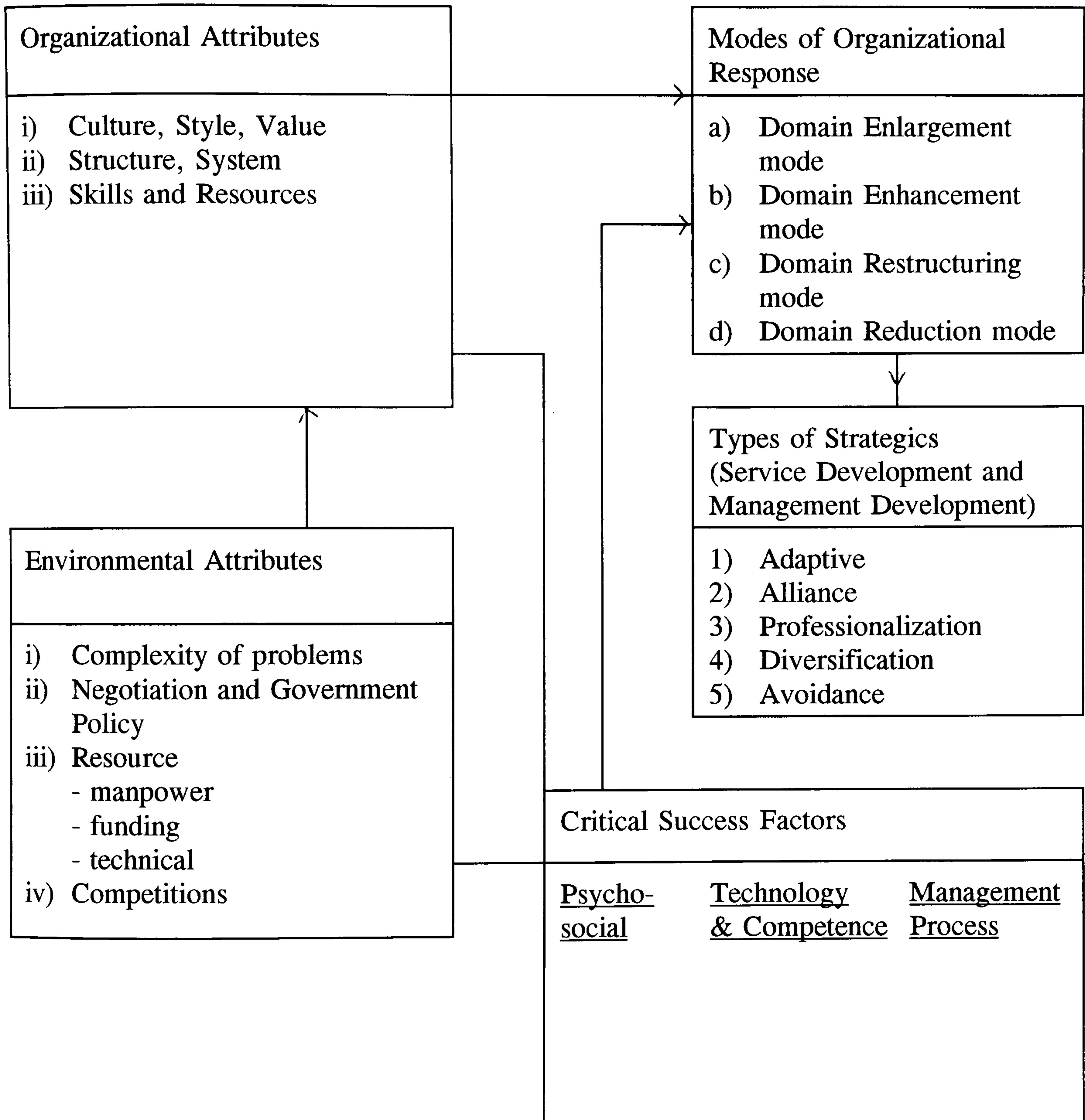
competitive strategy;

- d) the greater the concentration of service, the higher the tendency to adopt competitive strategy;
- e) the higher the degree of centralization, the higher the tendency to adopt co-operative strategy;
- f) the greater the dependence on local government funding, the higher the tendency to adopt co-operative strategy.

Thus, the conceptual framework of the study is summarized in the following diagram:

Figure 6.8

Conceptual Framework of this Study



E. SUMMARY

This chapter has attempted to review the relevant literature in the area of organizational adaptation and strategic planning and management. It has been revealed that there is no literature nor research study in this area of study in Hong Kong. Most of the concepts and ideas are borrowed from the western literature. The first part of this chapter has highlighted the work done by Feinstein (1985); Savas (1978); Vogel and Patterson (1986); Edwards and Kirk (1986); Webster and Wylie (1988); and Schmid (1992). From all these studies, the theoretical and conceptual base was then formulated which composed of: (1) major components in understanding an organization; (2) strategic planning process; (3) types of strategies; (4) measuring organizational performance; and (5) evaluation of strategies. A modified framework was then evolved which served as the conceptual construct of the study.

CHAPTER SEVEN

RESEARCH DESIGN, METHODOLOGIES AND DATA COLLECTION

A. INTRODUCTION

Overall, this research is both qualitative and quantitative in nature, focusing the research on examining recent developments in the services and managerial dimensions among the NGOs in Hong Kong. The first phase of the research study were in-depth case interviews with twenty-five voluntary organizations. A questionnaire has been constructed and was distributed to one hundred and eighty three member agencies of the Hong Kong Council of Social Service.

B. CONCEPTUAL CONSTRUCT

Miles and Huberman (1984) point out it is useful to connect the initial formulation of key elements into a '**conceptual map**' which will stipulate all the important elements or attributes under study into a diagrammatic presentation so that the inter-relationship among the **elements** or the **attributes** can be identified. As in the present study, a conceptual map was prepared (please refer to the attached diagram) . Several important dimensions were included: (i) **Environmental Attributes** ; (ii) **Organizational Attributes**; (iii) **Critical Success Factors** ; and (iv) **Modes of Strategies**.

Operationalization of Key Variables

In the phase two of the research process, that is, the construction of the questionnaire, the major key variables are operationalized as follows:

(i) *Environmental Attributes*

Environmental Attributes include areas such as the complexity of the problems to be handled by the organization; influences of Government Policy; the situation regarding the supply of resources such as funding, manpower and technology; and the competition among the organizations.

The following attributes have been created in order to measure the external environmental factors affecting the NGOs:

- (a) revenue generation and fund-raising issues and trends;
- (b) evolving social issues that relate to the mission of the organization;
- (c) changes of government policy on social welfare;
- (d) changes of political environment and political agenda that may impact the organization;
- (e) changing demographic of target clients or users;
- (f) ~~changes in competition~~ among voluntary organizations.

(ii) *Organizational Attributes*

Organizational Attributes include areas such as the culture, style, and values of the organization; the structure and managerial system (such as governance and decision-making);and the skills and resources inside the organization (including both economic resources and

and political resources)

(a) Culture, Style and Value

- fit with the interest of government and funder;
- value to employees of organization;
- value to volunteers of organization; and
- potential on revenue and fund-raising.

(b) Structural and Managerial systems

- programme and programme development;
- ability to generate revenue and raise fund;
- reputation and image in the media and community; and
- management system.

(c) Skills and Resources

- large pool of clients and users;
- good public relations;
- professional staff;
- volunteers;
- physical facilities;
- reputation and image in the media and community; and
- management system.

(iii) *Critical Success Factors*

Critical Success Factors or 'Administrative Fit' include those factors that enable the organization cope with the various demands from outside and induce the positive changes

inside the organization. Such factors, for example, may be the leadership style, skills and knowledge in resource mobilization or strong affiliation with the government and other funding bodies. Indicators used are as follows:

(a) Sources of information concerning future development

- members of Board of Directors or Executive Committee;
- Director or General Secretary (that is, Chief Executive);
- studies and reports compiled by the organization;
- information provided by third parties (for example, Hong Kong Council of Social Service or Hong Kong Government); and
- outside consultants.

(b) Overall influences on strategic decisions made in organization

- government or funder;
- executive committee or board of directors;
- clients or services users;
- employees; and
- senior executives (Directors, General Secretary or Unit Supervisors and so on)

(iv) *Modes of Strategies*

Modes of Strategies refer to the patterns of the approaches that the organization adopted in coping with the various demands.

According to Mintzberg (1973), there are three possible modes of strategy making, namely, **the entrepreneurial mode; the adaptive or incremental mode; and the planning**

mode.

The **entrepreneurial mode** refers to a situation in which the organization actively searches for opportunities, takes risk, leaps into uncertain situations and adopts growth strategies.

The **adaptive mode** or **incremental mode** refers to the situation whereby the organization makes incremental changes in its strategy to adapt to the changes in its environment. These strategic changes are small, stepwise, and aimed at maintaining the current position rather than being radical departures from the current or past states.

The **planning mode** which involves a synoptic and integrated approach to strategy formulation and the strategic plans are developed by professionals through extensive analysis of the options available to the organization. This mode of strategy making is usually implemented through a well developed **strategic planning system**.

In this study , it is the attempt of the author to construct the possible strategies that the non-governmental organizations would adopt in coping with the changing environment. Four types of **grand strategies** has been re-defined after analysing the in-depth case interviews: **Domain Enlargement mode; Domain Enhancement mode; Domain Restructuring mode; and Domain Reduction mode.**

Domain Enlargement mode refers to those organizations which see their primary emphases as the implementation of new types of activities to be performed, the production of new products (new services) and/or competing in new markets.

Domain Enhancement mode refers to those organizations which try to improve their

competitive position within their current operation. These organizations would strive to increase market share, lower costs and to improve their service quality.

Domain Restructuring mode refers to those organizations which view two or all the possible domain direction strategies as being of equal importance to their overall strategy.

Domain Reduction mode refers to those organizations which consolidate or even reduce the scope of their service so that they can concentrate more on their identified targets in the future. The ultimate goal of such a mode of strategies is to re-vitalize the current situation in the agency in a more desirable direction.

(v) Grand Strategies and Operational Strategies

In operationalizing the above four modes of strategic planning, the following four 'strategic directions' have been included:

- (a) expanding into new activities, service and market (Domain Enlargement);
- (b) improving competitive position with current operation (Domain Enhancement);
- (c) refocusing and restructuring current service position (Domain Restructuring); and
- (d) deleting certain activities, service and markets from current operation (Domain Reduction).

The voluntary organizations were also requested to indicate their primary organizational needs which include:

- (a) survival;

- (b) consolidating the current level of service;
- (c) service expansion;
- (d) improving service quality; and
- (e) management development.

Apart from the grand strategies, two major types of '**operational strategies**' were also included in the questionnaire as follows:

(a) Service Development

- service evaluation;
- expansion of new market;
- service quality;
- diversification of service;
- differentiation of service provision;
- consolidation; and
- collaboration with counterparts in Mainland China.

(b) Management Development

- reviewing and reestablishing management philosophy;
- redesigning the management structure;
- creation of new post;
- fund-raising and resource generating;
- staff training and development;
- diversification of market;
- service quality;

- research development; and
- collaboration with counterparts in Mainland China.

It has been the intention of the author of this thesis to examine the following propositions:

1. that large NGOs will adopt the Domain Enlargement mode of strategies; the medium NGOs will adopt the Domain Enhancement mode of strategies; and the small NGOs will adopt either the Domain Refocusing mode or the Domain Reduction mode of strategies.
2. that the levels of subvention from the government will have impacts on the choice of strategies. Those NGOs which are heavily subvented by government funding will adopt the Domain Enhancement mode while those NGOs which are not subvented or partially subvented will adopt the Domain Enlargement and Domain Restructuring modes.
3. that the complexity of organizations, being measured in terms of types of service rendered, will also have impacts on the choice of strategies. The greater the number of services provided, the higher the tendency to adopt the Domain Enlargement mode, while the fewer the number of the services provided, the higher the tendency to adopt the Domain Enhancement mode or Domain Restructuring mode.

C. RESEARCH PROCESS

Stage One : Literature Review

The literature review on organizational adaptation and strategic planning was perhaps one of the most difficult tasks in the early stage of the process. This was because there appeared to be limited literature or research studies in the field of social service. Most of the literature in strategic planning and management is in the context of business management, that is to say, the market analysis was the paramount step before actual planning and 'competitive advantage' was also focused as the crucial factor for survival or long-term development. However, when examining the context of the social welfare service, it was possible to query if there was an existence of 'market', since the welfare services were largest a regulated sector of services and the market-driven nature of strategy may not be applicable. However, cross reference was made as the management literature and this provided useful background for understanding the theoretical perspectives in the area.

Stage Two : Finding Focus for Interview

As indicated in the earlier paragraphs, the central focus of the research is to understand what the responses of the non-governmental organizations are in coping with changing environmental demands. In-depth interviews with administrators/executives of a selected group of NGOs were conducted in order to understand their strategies and tactics in coping with environmental changes.

Several interviews were made at the early stage of the process. However, it was later

found that the executives were rather reluctant to reveal all the inside information of the agencies, especially about the financial situation as well as issues relating to governance. It was seen that such types of incident would certainly affect the depth of understanding of the topic as well as the validity and reliability of the information collected.

Some remedies were made in order to develop a trustful relationship with the agencies, before the data collection commenced.

(i) It was seen as important to attend the Annual General Meetings of the agencies involved. Such action certainly indicated an interest in their services and activities.

(ii) Providing a consultancy service was a useful way to get access to the organizations. Throughout the study period, a number of talks, seminars, and consultancy services were rendered. The agency staff felt more relaxed in discussing their plans and service problems under these conditions.

(iii) Making informal links and networks were also useful approaches in understanding current issues or problems in the service or in the organizations with a view to their being updated.

It was later found that the executives were more open in discussing the problems they were facing as a result of the above approaches to their organizations.

Stage Three : Methodological Issues

Another thing that it is necessary to mention here is **research tools**, that is, the format for data collection. The format that was used was largely a **semi-structured interview**. The

formats of the interview outline are given in appendix 6 and 7.

This approach allowed flexibility during the interview process, yet it helped focus the discussion. In the interview, tape-recording was only sometimes used since it may have made the interviewees less open and less relaxed in the discussion. Of course, the validity and reliability of the data may be criticised in the future. In the present case, the researcher tried to write brief notes immediately after the interviews and then transcribed the brief notes into complete interview records.

Concerning **triangulation** of the data, every attempt was made to interview both the senior executives as well as the middle level administrators of the same organization, so that cross referencing of information in the same agency could be made. The second way was used was to establish a data-base of the sampled organizations. In order to provide substantive evidence in the analysis, the data-base record system that had been established provided updated records to trace the recent developments of the organizations. The agencies' annual reports, agencies' newsletters, or other publications were collected in the data-base. Content Analysis of these documents in the data-base was then made in order to provide more objective data for the analysis.

Stage Four : Focus-group discussion

A focus-group approach was subsequently conducted after the in-depth interviews with the senior staff of various organizations. Four selected NGOs which were considered as unique and representative by the author were invited to give a presentation on their experience in strategic planning and management. The four organizations were:

- Hong Kong Christian Service

- Red Cross- Hong Kong
- Boys' Scout Association of Hong Kong
- Grantham Hospital

Another agency was invited but their representatives were unable to attend. The discussion was in the form of a seminar and each agency described its experience in planning strategies for coping with various changes. The seminar was also open to colleagues in the social welfare service and the whole process was video-taped. A transcription of all the presentation was later undertaken as with the in-depth case studies in the case discussion, especially in the section about the different modes of strategic planning and management.

Stage Five : Questionnaire Construction

A questionnaire was later constructed as an instrument to examine the overall views of all the chief executives in non-governmental organizations in Hong Kong. The questionnaire was composed of two parts. Part I included all the dependent variables which composed of four major components, namely, (i) Assessment of the situation; (ii) Decision-making; (iii) Patterns of Change Management (the term change management was used in replacement of the term strategic management as some NGOs might not have idea regarding strategic management); (iv) Others (which was an open-ended question). Part II was then the independent variables which indicated the fields of service, size of organizations, religious background, and levels of subvention.

(1) Independent Variables

a) Organizational Features

- Number of service types
- Nature of service
- Size of organization
- Religious background
- Levels of subvention from government funding

b) Decision-making

- source of information
- influence of the stakeholders

(2) Dependent Variables

Patterns of change Management

Seven questions were included in this part. The area covered:

- level of importance in terms of future direction of the organizations;
- the primary organizational needs;
- the highest priority of service development;
- the highest priority of management development;
- current strategic direction;
- criteria used to screen the alternative strategies; and
- implementation of the future plan.

Stage Six : Pilot test and Distribution of questionnaires

A pilot test was conducted before the actual distribution of questionnaires. Ten agencies, two in each types of field of service, were requested to assist in filling the questionnaires.

Some minor problems were identified, for example, the original questionnaire required the chief executives to rank the issues in terms of degree of importance, as covered in the assessment of the situation. However, some respondents revealed they had difficulties in ranking these issues. Amendments were made subsequently.

One hundred and eighty three questionnaires were then distributed to all the member agencies of the Hong Kong Council of Social Service. In order to encourage chief executives of voluntary organizations in returning the questionnaires, a reply slip was also included that indicated an abstract of the completed research findings would be sent to them afterwards. It was hoped that greater incentive would be provided to the respondents.

Stage Seven : Data Analysis

It is worth mentioning here the distinct features of data in this study are both qualitative and quantitative. The first part of data analysis was qualitative while the latter part of data analysis was quantitative. The essential contribution of qualitative studies is the deeper understanding of the situation or phenomena. In contrast to quantitative research, qualitative research deals mainly with 'meaning' while the quantitative approach deals with 'number'. And numbers must be based on meaningful conceptualization while meaningful conceptualizations must be informed by numbers. (Dey, 1993)

There are numerous criticisms of qualitative research, especially regarding its research design and data collection methods. However, the essential contributions of qualitative research should not be undermined. As in the present, it may have been rather out of context

if figures had been collected about the number of new staff on the establishment or staff changes without looking at who these people were. Why is there such a change in the staffing situation, or how do such changes contribute to the coping with the environmental demand. Another essential contribution of qualitative research was that it helped generating new research questions during the research process. As in this study, no prior study was conducted in the same area. Qualitative approach provided useful insight in understanding the reality before any proposition was made.

Dey (1993) provides a very clear account of the essential characteristics of qualitative data analysis. The three basic components for understanding the qualitative study are (i) context; (ii) intention; and (iii) process. (pp.31-39) By looking at the context and the situation, multiple meanings can be created in different contexts even though the same incidents happen; secondly, the intention of each individual incident may be different from one occasion to another; thirdly, as meaning is a dynamic construction of reality, it will change over time. Thus, in qualitative research, exemplified in interactive methods through useful understanding about the process is resulted. For example, in the business management literature, risk factors and market share are crucial in strategic management. However, in the case of non-profit organizations, these two concepts are very much different as compared business organizations. Risk factors in terms of long-term and short-term investment do not exist in non-profit organizations. The 'market' of the service recipients is also very much defined by the government policy and the mandates of the organization.

In analysing qualitative data, two basic techniques are used: **classification** and **connection**. Categorising is an approach of funnelling data , and such classification should

be guided by the research objective. (Dey, 1993) As in this case, patterns of the data were identified in order to examine the similarities of the scattered pieces of information collected in the interviews. In addition, such a categorisation step was also a conceptualization process so that a higher level of abstraction was deemed necessary. Furthermore, the classification also laid down the foundation for identifying substantive connections among the data.

For the quantitative part, the data collected from the returned questionnaires was computed by the use of the statistical software SPSS/PC+ (window version 6.1). Tables and charts have also been created in order to compare the results.

D. SAMPLING METHODS

The first part of the data collection was the in-depth case interviews. The NGOs included in this research numbered totally twenty-five NGOs, namely:

- The Christian Family Service Centre
- Kwun Tong Methodist Centre
- St. James Settlement
- Hong Kong Christian Service
- Diocesan Welfare Council
- Helping Hand
- World Vision of Hong Kong
- Hong Kong Family Welfare Society
- Young Men's Christian Association of Hong Kong

- Finnish Missionary Society
- Hong Kong Student Aid Society
- Hong Kong Red Cross
- Grantham Hospital
- The Society for the Aged
- Neighbourhood Advice Action Council
- Boy Scouts' Association of Hong Kong
- Pentecostal Church of Hong Kong
- Hong Kong Federation of Youth Groups
- Hong Kong Society for the Rehabilitation of Offenders
- Tung Wah Group of Hospitals
- Boys' and Girls' Clubs Association of Hong Kong
- Tsuen Wan Ecumenical Social Service Centre
- Wai Ji Training Centres
- Salvation Army
- Society of Boys' Centres

There are reasons for choosing these twenty-five particular organizations:

(a) The agencies represent the five major types of social services in Hong Kong, namely,

Family and Child Care Services;

Children and Youth Services;

Services for Elderly people;

Rehabilitation Services; and

Community Work Services.

(b) Among all these organizations, both the large and medium size organizations are included in the analysis. It is thus hoped that a comprehensive viewpoint can be obtained.

(c) Since most of the NGOs have close links with the churches, and these would probably affect the philosophy and the style of management, hence, both NGOs with and without affiliation with churches have also been covered.

(d) Most of the NGOs are currently subvented and supported by government, and the government policy would certainly influence the development of the NGOs to a great extent. Thus, some NGOs which are not getting government subvention are purposefully included, so that a more balanced view can be collected.

In distributing the questionnaires, one hundred and eight-three voluntary organizations were selected (over ninety per cent of the member agencies of the Hong Kong Council of Social Service). It is because the rest are the schools of social work or other affiliated professional associations which have little relevancy with the research area.

E. SUMMARY

This chapter has outlined the research methodologies adopted in the study. It has also highlighted the conceptual construct as well as the research process throughout the entire research period.

CHAPTER EIGHT

FINDINGS OF INTERVIEWS AND DATA ANALYSIS:

PERCEIVED PROMINENT ISSUES AND FORMULATION OF STRATEGIES

A. INTRODUCTION

In this chapter, the data will be analysed. The data are collected through studying twenty-five (25) organizations in Hong Kong during the research period. The first part of the data analysis will focus on the overall perceived prominent issues affecting the non-governmental organizations; then the experience of strategic planning and management ; and finally, the patterns of strategies formulated. It is interesting to find that only four organizations claim that they have practised formal strategic planning , while the others have formulated 'strategies' instead of well-structured planning systems. Thus, this chapter will outline the overall response of the agencies while the four organizations which have formal strategic planning will be examined in a detailed manner by in-depth case studies. Four modes of strategic planning are conceptualized and will be discussed later in Chapter Nine.

B. DESCRIPTIVE ANALYSIS OF THE SAMPLES

1) Service Types

Table 8.1 Types of service provided by the organizations in this study

<u>Types of service</u>	<u>Frequency</u>
Family and Child Care Services	3
Children and Youth Services	8
Elderly Services	2
Rehabilitation Services	4
Community Development Services	2
Multi-services	5
Poverty Relief	1

2) Source of Funding

Table 8.2 Source of funding

<u>Funding source</u>	<u>Frequency</u>
Subvented by Government funding	23
Non-subvented by Government funding	2
Total	25

3) Religious Background

Table 8.3 Religious Background

<u>Religious Background</u>	<u>Frequency</u>
Christian	13
Non-christian	12
Total	25

4) Organization Size

Table 8.4 Size of organizations

<u>Size of Organization</u>	<u>Frequency</u>
Large (over 250 staff)	12
Medium (100 - 250 staff)	8
Small (less than 100 staff)	5
Total	25

5) Experience of Strategic Planning and Management

Table 8.5 Experience of strategic planning and management

<u>Experience of Strategic Planning and Planning</u>	<u>Frequency</u>
Using strategic planning and management	4
Not using strategic planning, but have some strategies	7
No strategic planning	14
Total	25

6) Nature of service provision

Table 8.6 Nature of service provision

Name	Family	C&Y	Rehab	Elder-	CD	MS	Other
HKCS						*	*
DWC	*	*					
WVHK							*
FMS		*					
HH				*			
HKSAS	*						
KTMC		*					
YMCA		*					
HKFW S	*						
BGCA	*	*					
CFSC						*	
HKRC			*				
GH			*				
SAGE				*			
NAAC					*		

BS		*					
SJ						*	
PCHK	*			*			
HKFY	*	*					
G							
HKSRO			*				
TWGH						*	*
TWESS					*		
WJTC			*				
SA						*	
SBC	*						

Note: C&Y : Children and Youth Services

CD : Community Development

MS : Medical Services

C. PROMINENT ISSUES AFFECTING THE NON-GOVERNMENTAL ORGANIZATIONS IN HONG KONG

There are a variety of issues as mentioned by different organizations and the issues are categorised into ten major items, namely:

- service accountability and professionalization;
- competition;
- manpower and training;
- financial resources;
- board of Directors' influence;
- responsiveness of the organization to community needs;
- government policy;
- political affiliation;
- avoidance, merging and contraction;
- problem of survival.

Each of these categories will be illustrated by the use of case examples , if appropriate.

1. Service Accountability and Professionalization

A number of organizations mentioned that service accountability and the professionalization of services are prominent issues because of increasing demands from the community. This form of accountability and professionalization may be through establishing a 'service charter', or 'service quality improvement' activities in the service delivery mechanism.

For example, within HONG KONG CHRISTIAN SERVICE, all the current professional posts in the Agency are occupied by staff who have master's degrees, so that professionalization can be further improved. The Director strongly supports the one-tier system, that is, that all the frontline social workers must be degree holders.

The second example is the HONG KONG FAMILY WELFARE SOCIETY that recently, developed a service charter for each type of service so that accountability can be strengthened. These service charters lay down the service goals and the targets in each type of service provision in the organization.

Since the establishment of the Hospital Authority in 1991, the Hospital Authority, according to Dr. Leung, Hospital Chief Executive of the Grantham Hospital, has been very aggressive in upgrading its service quality to patients. The Grantham Hospital started to implement its Continuous Quality Improvement (CQI) Initiative in 1993. The employment of an external consultant was also included in this development with a view to bringing in concepts from the business field. A CQI structure was also established in order to implement the CQI activities in an organized manner. As a result, there is an increase in involvement of clinical practitioners in the CQI process.

2. Competition

Competition among the agencies is becoming increasingly keen especially in the youth and elderly services. Not only do the competitors come from the welfare sector, but there are also competitors coming from the private sector. Mr. Tsang, Director of the Society for

the Aged, an agency providing residential care services for elderly people, reveals that he also perceives competition in the service field for the elderly, because there are private homes that are regarded as competitors.

3. Manpower and Training

Manpower in terms of levels of training (professional standards) and skills levels were mentioned by some agencies. For example, the HONG KONG CHRISTIAN SERVICE pointed out that staffing and staff turnover, especially at the rank of Social Work Assistant (who are the Diploma in Social Work Graduates) are currently causing some problems to the continuation of the service because many social work assistants endeavour to return to school to pursue a degree course after only two years' service experience.

4. Financial Resources

The level of subvention and the sources of other donations are the concern of most agencies. It is particularly a major concern for non-subvented agencies, and thus, image-building is becoming increasingly important. For an agency like the HELPING HAND, since it is not a government-subvented organization, fund-raising is one of the most important tasks among its activities. Every year, the agency organizes different fund-raising campaigns in order to mobilize resources. Image building is thus another important task for the development of this agency.

In the KWUN TONG METHODIST CENTRE, the environment of the agency is said to be more turbulent than ten years ago as there are many policy changes taking place in the

near future, including the introduction of an integrative children and youth service; a possible decline of financial support from the Community Chest and a refocusing of the Family Life Education Service. The 25th anniversary of the agency has precipitated a shared vision at staff level and this was considered a most appropriate time for the agency to have a critical review of its organizational effectiveness. The development of a new post in mobilizing financial resources is perceived as a major concern for the future.

The YOUNG MEN'S CHRISTIAN ASSOCIATION has always provided charitable services to the poor, especially for children and youth, such as a nutritive diet camp and evening schools in its early stages of development. Since donations from overseas have been quite unstable, the organization started to operate a service which would generate resources. The most significant example was the establishment of hotels. At present, the agency has two large hotels in the territory. The other sources are overseas donations and membership fees.

5. Board of Directors' Influences

The influences of the Executive Committees and Boards of Directors are considered as important sources of influence in the development of agencies. These influences include resources (both political and economic) and service directions for the agency in the future.

One of the illustrations that should be highlighted is the SOCIETY FOR THE AGED. The over-dominant Executive Board is perceived as one of the salient feature of the agency. The vice-chairman is the Professor in Social Work at a local university; the former Assistant Director of Social Welfare is a core member; while the Assistant Director of Housing also serves as a Board Member. Such a composition puts great pressure on the agency that the

agency is regarded as the 'executive arm' of the Government.

Another illustration is the TUNG WAH GROUP OF HOSPITALS (TWGH). The Tung Wah Group of Hospitals Ordinance (Chapter 1051) was amended in 1987. It stipulates all the legal requirements including the composition, structure and operation of the organization. The Chief Executive of TWGH had a very low key in the decision making process while the Chairman of each year made all the important decisions. In fact, the chairman is a 'full-time volunteer' who still works five days a week at the headquarters. All the important decisions are made by the Chairman and the Board of Directors rather than by the Chief Executive.

The operation of the TWGH is based on twelve functional committees:

- Audit Committee
- Community Services Committee
- Education Committee
- Finance Committee
- Medical and Health Committee
- Museum Committee
- Property Development and Management Committee
- Staff Committee
- Promotion and Increment Award Sub-committee
- Staff Welfare Committee
- Staff Retirement Benefits Management Committee
- Sui Hoi Directors' Scholarship Fund Management Committee

Each committee is chaired by a vice-chairman, with the Chairman as the Ex-officio

member. The Chairman is also the Chairman of the Promotion and Increment Award Subcommittee, which controls the rewards or sanctions for all the staff in the agency. The term of office of the Chairman only lasts for one year, the chairman tries his or her best to demonstrate achievement in that year, so that they could get greater recognition at a later date.

6. Responsiveness of the Organization to community needs

Some agencies mentioned in the structure of the organization such issues as bureaucratization, the creation of new posts (for example, Development Officer) or the establishment of a 'Think Tank' in order to establish the long term plans for the agencies.

The HONG KONG FEDERATION OF YOUTH GROUPS has recently set up a special task force which was designated to work out proposals for the future development of the organization. The proposal highlights the major areas for development, both in terms of service as well as for the managerial system.

The CHRISTIAN FAMILY SERVICE CENTRE has also adopted a similar approach. A new post called the 'Development Officer' was established in 1990, because of the rapid expansion of the services in the agency, such as a children's centre, a day care centre, a rehabilitation service, a multi-service centre for elderly people, and a care and attention home. The major responsibility of the Development Officer is to co-ordinate different service developments as well as to raise funds.

However, not all organizations have a large pool of resources. For the PENTECOSTAL

CHURCH OF HONG KONG, the agency can only perform some minimal functions.

According to the Executive Secretary of the agency, the organization is considered as in its 'decline' stage of the organizational life cycle. The strengthening of the internal administration is, however, considered as important. At the present moment, since there is a lack of standardized personnel policy governing the whole organization, so the creation of a staff manual is one of the major tasks in revitalizing the agency.

7. Government Policy

Many organizations mentioned that government policy on social welfare has a significant impact on the development of several organizations, such as the implementation of the de-institutionalization policy in residential care services and the implementation of an 'integrative team' model in youth services. One example is found in the HONG KONG STUDENT AID SOCIETY. The current policy of the residential child care service is to develop non-institutional care such as small group homes and foster care, thus inducing threats to institutional care such as boys' homes. According to the Director, the enrolment rate of the three homes is satisfactory, yet the rate is sometimes below seventy per cent, resulting in cuts in subvention.

8. Political Affiliation

Some agencies revealed their ways of survival or development by affiliating with an authority or the funder, such as the Social Welfare Department or the New China News

Agency (the highest representative of China in Hong Kong), in order to gain recognition and assurance of their status with a view to providing a measure of security for the future, especially after 1997.

In an interview with the Deputy General Secretary of the HONG KONG FEDERATION OF YOUTH GROUPS, he expressed the fact that the General Secretary of the organization was appointed as an Executive Council member and later as the Chairman of the Housing Authority. All these factors bring prestige to the organization. Moreover, the agency is making great efforts to have an affiliation with their counterparts in Mainland China.

Religious organizations are also powerful in the social and political arena. Take the case of the DIOCESAN WELFARE COUNCIL. Due to the increasing complexity of the current services in the Council, the Diocesan Welfare Council of Hong Kong has been upgraded from the Regional level to the Provincial level. Such upgrading gains recognition from various parties, and the Chief Pastor has recently been appointed as a member of the 'Preparatory Committee of Hong Kong', a committee responsible for advising the Chinese government on issues relating to the operation of the Hong Kong government after 1997.

9. Avoidance, Mergers and Contraction

Among the agencies interviewed, some agencies mentioned their plans either to leave Hong Kong and merge the present service with other local agencies, or their readiness to contract their present services to a smaller scale.

The FINNISH MISSIONARY SOCIETY is one of the rare examples in this category. The Agency is planning to merge with the Evangelical Lutheran Church of Hong Kong since

the Board of the FMS have decided to leave Hong Kong because of the change of political sovereignty in Hong Kong after the year 1997. Such a decision has been made because of the poor experience of the Society in providing the service and the religious activities in China around 1949, resulting from the change in the political situation in Mainland China as the Communists took over power. The Society is now discussing the gradual merging of the existing service with the Lutheran Church, with the smooth transfer of both the service units and the staff members.

10. Problem of Survival

Some organizations, in particular, the community development service organizations are worried about the issue of terminating the neighbourhood-level community development projects (NLCDP), which would adversely affect the survival of their agencies.

The Neighbourhood Action Advice Council, an agency which has been specializing in community development in past years, is facing a massive problem of survival because of the change of government attitude. The development of the community work service is not included in the 1991 Social Welfare White Paper.

Another organization, the TSUEN WAN ECUMENICAL SOCIAL SERVICE CENTRE also faces the same difficulty. The Director of the agency revealed that the current government policy on its Neighbourhood Level Community Development Project (NLCDP) was the most influential issue confronting the Agency. The Government does not intend to support this service in the future. Henceforth, they are facing a 'survival problem'. Another issue is the Subvention Review, meaning that 'performance indicators' will be introduced in service delivery. Such performance indicators may bring about a tightened control of the service in the future.

In summary, a wide range of prominent issues are mentioned by different organizations. Most of these issues are relating to the 'tasks environment', both internal and external. (Hansenfeld, 1983)

D. EXPERIENCE OF STRATEGIC PLANNING AND THE ANALYSIS OF THE MISSION STATEMENT

In this study , it has been found that only four (4) organizations claimed that they have formal strategic planning activities which involve environmental scanning as well as internal auditing. Another seven (7) organizations did not claim that they have formal strategic planning and management activities, yet, expressed that some form of strategies have been discussed in the agencies in order to cope with the environmental stress.

Analysis of the Mission Statements and Objectives

Oster (1995) identified the three roles of a Mission Statement, namely: it serves as the boundary functions; to act in motivating both staff and donors, and lastly it helps in the process of evaluation of the organization.(Oster, 1995, p.22)

An analysis was conducted by the use of the 'content analysis method' (Yin, 1985) in examining the scope and nature of the mission statement or the stated objectives as indicated in the organizations' annual reports.

Table 8.7 Content Analysis of mission/ objectives of organizations

Content analysis of mission/ objective	Frequency
1. Religious Beliefs	8
2. Service provision for specific clientele	14
3. Advocacy for policy change	3
4. Strategic initiative/ transformation	6
5. Linkage with other organizations	2
6. Fostering international understanding	1
7. High level of performance	2
8. Training for students	5
9. Encouragement for research activities	3
10. Promotion of social justice and other social goals	6

(note: multiple entry for analyzing the mission/ objective.

Through the analysis of the mission statement and the stated objectives. It is observed that the following characteristics are found:

1. Emphasis on Religious Faith

Many of the organizations in the welfare sector have a strong religious background. Religious faith plays an important part in the organizational goals and mission statements. For example, WORLD VISION OF HONG KONG has laid down in its mission statement:

'Witness to Jesus Christ by life, deed, word, and sign that encourages people to respond to the Gospel' as one of the dimensions of the mission statement.

Another organization, the FINNISH MISSIONARY SOCIETY also indicate that: 'The purpose of the Finnish Missionary Society is to spread the Gospel of Christ to people not yet Christian. This is done by following Christ's example of teaching and serving people to show God's love towards them'.

The CHRISTIAN FAMILY SERVICE CENTRE mentions:

'To manifest the love of God, as revealed in Jesus Christ, so that all shall know their dignity and worth as children of God.' as their major service direction.

Undoubtedly, religious belief has an important influence on the direction of the development of some organizations. Such an emphasis also indicates the strong links between welfare organizations and the religious bodies which provide resources as well as legitimation.

2. Maintenance Objectives - Services Provision

Most of the organizations use grand and broad terms in describing the services delivered to their respective clienteles. For example:

'Holistic person'

'Balanced development of Young People'

'Strengthening family functions'

Such objectives are perhaps used because of a lack of a systematic framework and clear articulation of the underpinning of core values. The only organizations that provide a systematic framework for the service objectives are the HONG KONG CHRISTIAN SERVICE; and the KWUN TONG METHODIST CENTRE because they divide their objectives into different domains, including the individual, inter-personal objectives as well as work at societal levels.

3. Developmental Objectives - Services Development

Only a few organizations mention the developmental functions of their agencies, especially in responding to the ever-changing environment. There are four dimensions of development, for instance, (a) to advocate for the needs of clients; (b) to initiate new approaches or new service projects; (c) to cope with new challenges in the community; and to encourage research activities.

(a) to advocate for the needs of clients

As indicated in the BOYS' AND GIRLS' CLUBS ASSOCIATION, 'to nurture the young and to work together for the future' is considered as the service goal of the organization.

Four major service objectives are also identified:

- i) to enhance a balanced development of the young people;
- ii) to develop young people as good citizens;
- iii) to strengthen the functioning of the family so that children can be cared for in a healthy environment;
- iv) to advocate concern for children's welfare and the demand for their rights and

welfare.

These services objectives reflect the targets which the organization is endeavoured.

b) to initiate new approach or new service projects

Although innovation is considered as a vital function for the social work profession, only three organizations in the sample indicated an initiation of a new approach or new services as one of their prime concerns in a developmental perspective. The Hong Kong Family Welfare Society is one of the rare examples that has such an innovation in mind. It is indicated that: 'to sponsor experimental and demonstration projects, to enhance the efficiency of intervention and to meet changing needs in the field of social service' is one of its key objectives.

c) to cope with new challenges in the community

One agency, the NEIGHBOURHOOD ACTION ADVICE COUNCIL, indicates that one of its objectives is 'to collect and provide data for analysis of social problems, showing where gaps exist in services and in communication between people, government and voluntary agencies; this data be available to those concerned with the necessary action and social reform; ... to conduct public opinion surveys and social research either independently or jointly with any interested body.' This is a rare case that analysing community problem is regarded as the organizational objectives.

d) to encourage research activities

Only two organizations, the HONG KONG FEDERATION OF YOUTH GROUPS and

the HONG KONG FAMILY WELFARE SOCIETY, mention 'to encourage research into all problems that may affect the delivery of effective services to young people; and to devise new approaches or to initiate new services to meet the changing social needs.' It is opined that research findings provide solid ground for service planning and development. However, from the interviews with the chief executives, there was little reference to the research findings in the decision-making process.

4. Networking/ Co-operation

A few organizations also mention networking and co-operation with other organizations as their objectives. The forms of networking would be both at international and local levels.

a) **International Understanding**

The YMCA, an international organization, mentions:

' Our 1992 strategic planning retreat identified the following general directions for our YMCA movement:

-to continue the positive co-operation with the Chinese YMCA of Hong Kong and the Council of YMCAs of Hong Kong; and

-to allocate more resources and effort into the areas of international and intercultural understanding, and our role and relationship with Christians and the church and YMCA in Mainland China.'

b) **Local level networking**

The HONG KONG FAMILY WELFARE SOCIETY points out that:

'to co-operate with other organizations or institutions, also engage in any form of family service either within or outside Hong Kong' is one of its objectives.

The HONG KONG FEDERATION OF YOUTH GROUPS also indicates that it is important 'to subscribe, become a member of or cooperate with, or affiliate to any other organization in Hong Kong and other parts of the world having similar or related objects to those of the Federation and to support any organization or movement for the improvement of social welfare services'; and 'to assist or to cooperate with the government in all matters concerning social welfare services.'

5. Strong commitment and dedication to service goals

Undoubtedly, almost all the agencies mention the service goals provided to specific client groups. However, it is interesting to observe that in the case of some organizations like the Tsuen Wan Ecumenical Social Service Centre that the staff are so dedicated to the service goal that they are willing to contribute their salaries in order to support the non-subvented service.

Some observations

It is further important to observe the following phenomena. First, only two organizations (HONG KONG CHRISTIAN SERVICE and WORLD VISION HONG KONG) have mission statements while the other organizations do not have such statements. It is thus questioned whether the objectives of an agency are equal to its mission. The answer is definitely no because the mission statement serves a more important function in that it provides direction for the future development of the agency.

Second, the objectives of most of the organizations are very much client-centred and lack

a clear articulation of the core values. There is a lack of the specific indicators as a kind of measure for the review and evaluation of the performance of the agency.

Third, although the sovereignty of Hong Kong will be returned to China in less than one and a half years from now, the relationship with the Chinese Government, and service in the Chinese community are seldom mentioned. There are two possible explanations. One may be the fact that the objectives are rather outdated and amendments are required, while the other possible explanation would be somewhat pessimistic in that they have never thought about such an issue.

Lastly, there are only a limited number of organizations claiming to have adopted strategic planning or strategic management. Of course, the organizations that do not have formal strategic planning do not imply they do not have any "strategies" in coping with the changes. On the contrary, in this study, it is evidenced that the non-governmental organizations have strategies rather than a formal mechanism of strategic planning and management. In the following part of this chapter, different patterns of "strategies" , both in terms of service development and management development will be examined. For those organizations that have implemented strategic planning and management, the discussion will be aired in the chapter nine.

E. PATTERNS OF SERVICE DEVELOPMENT

A summary of ten different Services Development Strategies are identified. The patterns are then analyzed by the use of four domains:

- existing 'market' and existing service;
- existing 'market' but new service;
- new 'market' with existing service; and
- new 'market' with new service.

EXISTING 'MARKET' AND EXISTING SERVICE

This domain is categorized by the feature that the organizations would just focus at the current level of service nature and service recipients without drastic and aggressive planning for development. Three types of patterns are identified in this domain, namely: **professionalization of service, following existing government policy, and role differentiation.**

1. Professionalization of service

This is characterized by improving the standard of services rendered to clients. For example, the HONG KONG FAMILY WELFARE SOCIETY have proposed their strategies in service development. In the past forty-five years, the agency has always been considered as responsive to the ever-changing community needs and demands. Several special projects have recently been initiated:

- special project on foster care
- special project on a family resources centre
- special project on mental health groups

- special project on emergency foster care

Recently, the home help service is experimenting with the 'case management approach', and adopting 'networking' concepts in service development.

For the GRANTHAM HOSPITAL, service development is also one of the major tasks of the organization as stipulated in their 'business plan'. In line with the service plan of the Hospital Authority Head Office (HAHO), the service goal and objective of the hospital are to provide 'quality patient care through teamwork'. Aggressive movement in implementing the 'continuous quality improvement' (CQI) activities have been conducted in the past two years. A more detailed examination of this organization will be discussed in the next chapter as a case study.

2. Following on Existing Government Policy

Not all organizations implement strategies in upgrading the quality of their services as a response to increasing demands from the community. Some of them just follow existing government policy and are considered a bit 'reactive' in their performance. This pattern of response is characterized by the fact that organizations are conforming to existing government policy on social service and social welfare. The organizations are bound to be passive in such a static policy environment.

Some organizations like the Society for the Aged would be considered in this category. In SAGE, as far as service development is concerned, the Agency recently expanded its residential care service for elderly people and two new homes were established. The important factor for such development is mainly due to the existence of the former Assistant

Director of the Social Welfare Department, who is now the Director of the Health Service. For the HONG KONG STUDENT AID SOCIETY, the Mark Memorial Home (one of its service units) has been changed from a large home for one hundred and twenty children to a smaller home for sixty children with small group homes established as a result of a re-allocation to Junk Bay. Holland Hostel is going to have a new working boys' unit as a result of the visit of the Director of Social Welfare. All these changes are not due to the forward looking attitude of the agency, but mainly due to the change of government policy on residential child care as stipulated by the Social Welfare Department in 1987.

Henceforth, it has also been found that government policy is one of the major constraints for some medium to small size organizations as they rely heavily on the government for resources.

3. Role Differentiation

In between the two extremes of change mentioned above, it is also found that some organizations will combine the two in the development of services, that is, '**role differentiation**'. This is characterized by the fact that the organizations examine critically their 'competitive advantage'. For example, some organizations will decide the various modes of adjustment, including their 'survival strategy' or 'development strategy'. The KWUN TONG METHODIST CENTRE is a good example of this strategy. Within the past thirty years, the organization has developed a wide range of services ranging from children and youth services to adult education. Two levels of service goals were discussed among the staff members in a recent strategic planning exercise in 1994, that is, the '**residual welfare role**' as well as the '**social enhancement role**'.

The 'residual role' referred to those traditional services as required by the government because of government policies and subvention. The 'social enhancement role' referred to the function in promoting social justice and the fact that such activities might not be supported by the government. It was agreed among the staff members that a combination of the two roles was deemed necessary in future development.

Although no new strategy or new 'market' was identified, yet this approach would enable the organization to set priorities in the current level of service provision so that a consistency in their response would be guaranteed.

EXISTING 'MARKET' BUT NEW SERVICE

This domain is characterized by the fact that the organizations would keep the current situation of service recipients while new services would be developed in order to maintain the pool of service targets, with the ultimate goal to expand the 'market'. Two patterns in this domain are identified:

development of service theme and focus as well as service expansion.

4. Development of Service theme and Focus

This is characterized by the features that the organizations are developing service directions which guide the expansion or operation of the service such as planning.

In the case of the Boys' and Girls' Clubs Association, the agency has successfully applied one Integrative Team from the Government when the total number of Integrative Teams in the first phase was only ten. The 'Integrative Team' is a combination of the three existing kinds of services to young people, namely, school social work service; centre-based

service and outreaching social work service. The combination of these three services helps the staff re-formulate the service scope provided to the young people in a particular locality by networking the existing service delivery system.

In addition, a comprehensive service review of the agency was completed in 1987. A document was then prepared. The agency had further highlighted that counselling, civic education and advocacy had been the service strategies for the agency since 1989. Since then, an annual theme had been developed in every year.

ST. JAMES SETTLEMENT also adopts a similar approach. The theme of service for each year is linked with an important theme of the social environment. The theme of the Agency for 1995 was 'stand firm on our position; and build our community', that is, the Agency advocated a commitment to serve the community in time of political changes.

The theme of the service for the year 1994/1995 was to reinforce the functioning of the family through:

- strengthening family life education
- forming parent self-help groups
- improving communication between school and parents
- establishing a 'family resource centre'
- strengthening the co-ordination among service units.

The establishment of a service theme and focus was calculated to enhance the development of the service provided to clients of the agency.

5. Service Expansion

This approach is characterized by the fact that the organizations try to expand their service scope. There are two types of expansion:

a. Horizontal Expansion

For horizontal expansion, the expansion of the service areas do not directly relate to the current major service clientele, that is, changing from one service client group to another. For example, the NEIGHBOURHOOD ACTION ADVICE COUNCIL, the service scope of the Agency changes from community work to elderly service, the children and youth service, and recently to a rehabilitation service for mentally retarded. These kinds of approach, of course, will impose some pressure on the organizations, especially those organizations which have specialized in a particular kind of service in the past. Expertise and experience in the new types of service would be the questions in doubt. Some organizations then simply solve the problem by recruiting new staff from outside to fill the posts.

b. Vertical Expansion

For vertical expansion, the expansion of the service areas would be directly related to the current major service clientele, that is, remaining to serve the same group of clients, but extending to the related groups of people to the primary client groups.

The WAI JI TRAINING CENTRE, an organization specializing in services for mentally handicapped people, provides an illustration. The development of the services in the Agency can be divided into two stages:

i) Stage one : 1977-1990

In 1977, the Kowloon Union Church looked into the possibility of setting up services for

mentally handicapped people. In March, 1977, the first non-subvented half day care centre was started in the church's premises.

In 1984, the centre was moved to the Nam Shan Estate in Shek Kip Mei and was changed to a Day Care Centre which provided services for 50 young adult mentally handicapped people.

In 1986, the first Gateway Club was formed which aimed at providing self-supporting social and recreational activities.

In 1988, a home-based training service was commenced.

In 1989, the Long Ping Sheltered Workshop was established which provided 140 places for trainees. The Hostel also provided 50 residential places for mentally handicapped people.

In 1990, the first Day Activity Centre with a hostel attached was opened for 50 residents with mental handicap.

Within the period of thirty years, seven units were established and only one of them was not subvented by the Government.

ii) Stage two: 1990-1995

Within this period, the expansion of the services was very rapid:

In 1991, the second Gateway Club was started;

In 1992, the establishment of "Respite Care" took place;

In 1993, the opening of Tai Hang Day Activity Centre occurred;

and also Tin King Bradbury Day Activity Centre and Hostel.

In addition, the third Gateway Club was put into operation.

In 1994, the "Supportive Employment Service" (started which was a non-subvented service.

In 1995, the Supportive Employment Service received Government funding, the fourth Gateway Club was opened and the On Tin Day Activity Centre and Hostel also commenced.

It is observed that twelve new service units were started within this period of five years. In this illustration, it is found that the organization first started its core service, that is, the training centre for mentally handicapped clients. Then the scope of its service expanded to the other needs of the same client groups, such as the respite care service and the mutual help service (that is, the Gateway Club).

NEW 'MARKET' AND EXISTING SERVICE

In the third domain, the organizations keep the current level of service provision, but explore the possibility of new kinds of service recipients. Two types of patterns are also identified: 'market diversification' and 'political alliance with China counterparts'.

6. Market Diversification and Fee-charging Service

This is characterized by expanding the existing services or the development of new services , based on past experience and technologies, to the clients or new groups of service recipients.

The HONG KONG CHRISTIAN SERVICE has been most aggressive in this area of development during recent years.

a) Innovative Project : The Agency tries to advocate innovative projects in order to meet the ever-changing needs and demands of the community. For example, the new project for

making use of service networking and community development concepts to serve the families and marital problem cases in a new town (Tuen Mun) is one of the many examples in developing a new service model in social service. This "PS 33" project is also an example initiated to tackle the soft drug problem in the Tsimshatsui area where there are many young people taking soft drugs.

b) The Fee-charging Service, such as Employee Development Scheme (EDS) is a new service originating from the United States, developed so that the Agency will tailor-make the service to meet the needs of private companies. The services rendered include a counselling service to employees , supervisory training programmes for managers, recreational programmes for the staff and their families, and running a child care centre sponsored by the employer, a telephone hotline, and so on. The service is operated on a self-financing basis, that is, the companies which receive the services have to pay the cost of staffing, the programme expenses and so forth.

HELPING HAND also has the same approach. The first stage of the service was to provide a residential service for elderly people in the Temporary Housing Area (THA). Since the agency's Board Members enjoyed a positive relationship with the Housing Authority, there was no problems in renting several housing units in the temporary housing areas and renting the units to aged people who were homeless.

The second stage of the development was the establishment of Care and Attention Homes in the public housing estates because of the increasing needs and demands of elderly people. Care and Attention are residential accommodations for the elderly people whose aged is above seventy. Nursing care is also included. At present, the organization has built its own recreation centre and a high-quality private home for elderly people.

In other words, the scope of client groups is moving from work with a deprived group of elderly people to those in the better-off group of elderly people who are in need of a residential care service.

7. Political Affiliation with China counterparts

This is characterized by the fact that the organizations are experimenting with or implementing services in Mainland China or having joint efforts with the officials from Mainland China. The major objective is to form an alliance with the organizations in Mainland China in order to pave the way for future development, especially after 1997.

The largest religious organization in Hong Kong, the DIOCESAN WELFARE COUNCIL, is one of the examples. In 1993, the Council organized an important conference on Community Care, and the idea of Community Care has subsequently become the service direction of the future. In fact, the major concern of the Council is to establish a network with the Ministry of Civil Affairs in China, which can be regarded as corresponding to the Department of Social Welfare in Hong Kong. As mentioned in previous paragraphs, the organization is able to gain recognition from Mainland China and the Chief Pastor was appointed as a member of the 'Preparatory Committee' of Hong Kong whose terms of reference are to formulate the policy of Hong Kong after 1997.

In the case of the HONG KONG FEDERATION OF YOUTH GROUPS, as mentioned in the previous paragraphs, the agency also organized study tours to China with several groups of young people. The agency also organized a conference on the youth service in three Chinese communities, including Mainland China, Taiwan, and Hong Kong.

NEW 'MARKET' WITH NEW SERVICE

This domain is characterized when the organizations are very aggressive in expanding both the service 'market' as well as the scope of the service content. Service diversification is an example in this domain.

8. Service Diversification

This is characterized by expanding the variety of services, for example, the implementation of service networking and community care concepts.

The INTERNATIONAL YMCA has been conducting a review congress to examine the mission statement of the YMCA, hoping that the religious components could be strengthened. Concerning service development at the present time, there are four divisions within the organization:

- social service division
- secondary school division
- hotel division
- religious division

The organization is planning to establish its own post-secondary school division under Adult Education. The new post was first advertised in 1995 and was filled up later. At present, the school is offering many diploma courses in business studies.

For the CHRISTIAN FAMILY SERVICE CENTRE, the development of an Occupational Social Work Service is one of the major moves in the agency. The major

reason is to generate more resources for its own use. From an interview with the Development Officer, Ms. Wong, it was revealed that the Agency would use the 'diversification' approach in the future. She said that she did not know the rationale nor the reasons behind the decision. That decision was made by the Executive Committee. She thought that there would be problems such as resources as well as the question of experience (expertise) which would become 'thin' due to horizontal expansion.

The following service development has occurred during recent years:

1990/1991 : one care and attention home, one sheltered workshop,
one half-way house for mentally ill patients;

1991/1992 : one children and youth centre, an employee development
programme; and planning of the re-development of the
head office;

1992/1993 : one hostel for elderly people, a child care centre;

1993/1994 : one additional home help service team complementary to the
work of the existing two teams.

It is apparent that there has been rapid change in the scope and the market of service changes during the recent period of five years.

OTHER DOMAINS

9. Avoidance Strategy

In this category, the organization is planning to disengage from the service provider role. The FINNISH MISSIONARY SOCIETY is the only organization in this domain known at the present time. As reported earlier on page 137, the agency is now planning to merge with the EVANGELICAL LUTHERAN CHURCH OF HONG KONG since the Board of the FMS have decided to leave Hong Kong because of the change of political sovereignty in Hong Kong after the year 1997. The decision has been made, as noted, due to the poor experience of the Society in providing the service and the religious activities in China around 1949. The Society is now discussing the gradual merging of the existing service with the Lutheran Church, with the smooth transfer of the service units and the staff.

10. Retrenchment Strategy

In this strategy, some organizations would consolidate or contract the present scope and boundaries of service provision. The TSUEN WAN ECUMENICAL SOCIAL SERVICE CENTRE is a rare example in this category. From the interview with the Director of the organization, he did not mention too much about the service development in the future because the community development service would be 'faded out' before too long. He added that the Executive Board had discussed the issue of changing the service nature from community work to other services. However, he personally thought that the Agency should commit to the service goal of community development, that is , promoting social justice through organizing residents in the community. The new dental service which suffered financial deficit was stopped in order to minimize the loss of money.

He further added that he did not mind that the service was being cut due to the change of Government policy as well as the change in the political situation in Hong Kong. He was prepared to remain the only service team in Tsuen Wan while the four other subvented teams would be removed.

Conceptualization of the Patterns of Service Development

In reviewing and conceptualizing the various patterns of service development among the non-governmental organizations, a framework is constructed below which tries to group the various patterns of service strategies into different domains.

Fig 8.3 Patterns of Service Development

<p>Domain III:</p> <p><u>New "market" and existing "product"</u></p> <ul style="list-style-type: none"> - market diversification - political alliance 	<p>Domain IV:</p> <p><u>New "market" with new "product"</u></p> <ul style="list-style-type: none"> - service diversification - fee-charging service
<p>Domain I :</p> <p><u>Existing "market" and existing "product"</u></p> <ul style="list-style-type: none"> - professionalization - following on existing policy - role differentiation 	<p>Domain II :</p> <p><u>Existing "market" but new "product"</u></p> <ul style="list-style-type: none"> - development of service themes - service expansion

The above diagram demonstrates the four different domains of service development. Domain I is characterized by the fact that the organizations focus on the existing service boundary without the idea of diversifying the service scope or the service "market". The patterns of 'Professionalization' and 'Following on existing government policy' are in this domain since no expansion is conceived. The essential feature of this domain is characterized by the facts that voluntary organizations will not expand boundary of service types or source of clients. The organizations will concentrate on this existing scope of service provision. The proactive ways will be upgrading the service quality or differentiating the existing service

delivery system. The passive way is just following on the government policy without any long term planning.

For Domain II, the main feature here is that the voluntary organizations, based on the existing boundary of service recipients, have yet to develop new services. 'Development of service themes and focus' and 'Service expansion' are illustrations in this category. Development of new service or new service themes are the essential attributes in this domain.

Regarding Domain III, the essential focus is that the organizations would expand the 'market' by finding recipients either locally or overseas, particularly in Mainland China. 'Market diversification' and 'Political alliance' are examples in this category. As noted in previous paragraphs, some voluntary organizations have started their joint ventures with other organizations, either in the territory or in Mainland China.

For Domain IV, the organizations are aggressive in developing new 'markets' and new services in order to expand the scope and the range of service recipients. 'Service diversification' and 'Fee-charging services' are illustrations in this category.

There is another domain which is rather different from the above paradigm, in which the direction may be considered as the opposite. The two strategies are 'Avoidance' and 'Entrenchment' in which organization would contract their scope of service from the current situation. Examples found in this category included the FMS and organizations which are providing community development services.

F. PATTERNS OF MANAGEMENT DEVELOPMENT

After discussing the patterns of service development, the change in the management system of the non-governmental organizations will be discussed. A summary of the patterns of management changes and development are summarized as follows:

- modification of management philosophy;
- structural change and organizational re-design;
- financial strategies;
- human resources strategies;
- service / production strategies; and
- political strategies.

1. Modification of Management Philosophy

It is evident that the management philosophy of the leader of an agency plays an important part in the whole operation of the organization. The commitment of the senior executives and the ways in which they perceive change and the opportunity for development are among the determining factors for reform.

In the case of the NEIGHBOURHOOD ACTION ADVICE COUNCIL, the current Director was promoted to his present post two years ago. He said that the previous Director who had served the agency for five years, was over-cautious about his visibility in respect of direct service. He thought the director should step back a little and concentrate his efforts in planning tasks. He also said that he emphasised the importance of 'break through' and risk-taking. New supervisors were also recruited from outside. Some of them did not even have experience in the same field. Yet, they seemed to have brought many new ideas to the agency. Hence, the management philosophy of the NEIGHBOURHOOD ACTION ADVICE

COUNCIL stresses the importance of 'boundary-spanning' in which they should make every effort to find the niche for opportunity. The Director appears to have a good relationship with the Board, especially with the new Board Chairman, and this is regarded as important in order to persuade members about new developments in the organization.

2. Structural Change and Organizational Re-design

Two common ways are identified in this area, that is: the creation of a new post for development and a restructuring of the service delivery system.

a) the creation of a new post for future development

As mentioned earlier, some organizations have created a new post called 'Development Officer' or 'Professional Assistant' in order to assist service development and the development of the management system. In the case of the HONG KONG STUDENT AID SOCIETY, the use of strategic planning is mentioned as a kind of response to react to the change of environmental demands. However, the idea was later partially dropped, but a new post called Professional Assistant was established in order to strengthen the administrative support at Head Office.

Another agency which has established the post of 'Development Officer' is the CHRISTIAN FAMILY SERVICE CENTRE. The job of the Development Officer is:

- to oversee the overall planning and implementation of the service;
- to supervise the daily operation of the new service before transferring the operation to the Service Supervisor;

- to provide staff development activities (not done yet because of the post holder's heavy workload)

- miscellaneous activities: fund-raising, preparing the newsletter

However, as far as decision-making is concerned, the decisions are mainly made by the Executive Committee, and the Director. The front-line staff and middle level supervisors have limited involvement in the process. The Development Officer of the agency said she did not know if there is any strategic planning in the Agency.

b) Restructuring of the Service Delivery System

Some organizations are restructuring the methods of service delivery or streamlining the managerial mechanism in order to re-allocate the responsibilities among different staff.

In the case of the KWUN TONG METHODIST CENTRE, restructuring of the service units has been taking place:

- i) student & children's service -> children & youth service
- ii) youth & community service -> youth & adult service
- iii) industrial social service -> grassroots working youth service
- iv) family life education -> family life development
- v) (new service) -> elderly service

The agency is also establishing a new post: Resource & Development (R&D) Officer. The major responsibilities of the R&D officer would be for i) the development of new services; ii) community liaison; and iii) central administration.

3. Financial Strategies

Different strategies in increasing their financial resources are identified by some agencies:

a) Entrepreneurial Approach

Some organizations would wish to change their financial strategies from a 'donative' style to an 'entrepreneurial' style. Many business-like management skills are being adopted in order to raise funding for the agencies. Some organizations are even adopting titles from the business sector as their official titles, such as 'Chief Executive', 'Manager' and so on.

For example, in the HONG KONG CHRISTIAN SERVICE, a post, Development Officer, was established and the development officer is now being sponsored by the agency to attend an MBA programme in London for one year. She is expected to head up the Employee Development Service (EDS) in the future. The EDS service would later be 'hived off' from Head Office and would become an independent office with greater autonomy and flexibility. At present, the EDS provides different services to private companies, such as banks, Hong Kong Telecom, the Mass Transit Railway Corporation, and so on. It is envisaged that resource generation will be among the main foci of future development.

b) Joint-venture with Private Developer

Some organizations would wish to have joint ventures with private developers in raising their resources. The approaches can be classified into two categories:

i) Sale of Land to Private Developers

Organizations like the DIOCESAN WELFARE COUNCIL with a church background, and the YMCA sold their land to the private developers. The old premises which were designated for welfare purpose then have been changed to private residential premises for commercial purposes.

In the case of DIOCESAN WELFARE COUNCIL, one of the member units, the St. Christopher's Home, was recently relocated to a new town. The original location was sold to a private developer, the New World Property Development Ltd. The sale of the land gave 1.9 to 2 billion Hong Kong Dollars to the Council. In addition, the New World Property Development Ltd. will give one-third of the total profits to the Council. The Service Supervisor also mentioned that as there are is much development in the service areas, the management hierarchy would also be modified in the future.

ii) Joint -venture in Re-development

Organizations like the BOYS' AND GIRLS' CLUBS ASSOCIATION, the YMCA and the METHODIST CHURCH are making agreements with private developers that old premises are to be demolished and then rebuilt into new premises. Certain storeys of the building would be returned to the organization while the rest would be rented out for commercial offices. After twenty-five years, the whole premises would then be returned and belong to the organization.

For the YOUNG MEN'S CHRISTIAN ASSOCIATION, a significant development of the organization has been the joint venture with a private developer (again, the New World Property Development Limited) in developing the Camp site in Wu Kai Sha into a private

residential premise. The agreement was that the YMCA will get twenty-five per cent of the return and have the camp site redeveloped, while the private developer could utilize the land for building multi-storey premises. The hotel on the Hong Kong Island side was then under redevelopment and expansion because of the increasing demand for hotel services in Hong Kong.

Another case is the BOYS' AND GIRLS' CLUBS ASSOCIATION. The organization recently redeveloped its head office in Wan Chai. The joint venture was to collaborate with a private developer (the Sun Cheong Company Limited). The organization changed the land use with permission from the government. The developer is now responsible for the construction costs and all the administration costs during the construction period. Within the coming twenty-five years, the organization will receive a portion of the rent from the company. After twenty-five years, the whole premises will again belong to the organization. Because of such a joint venture, the organization could get a large lump sum of money for the development, this going a long way to resolving any of its financial problems.

The case of the BOY SCOUTS' ASSOCIATION OF HONG KONG is particularly impressive because the organization will be owning its own property within just seven years. The whole story of re-development is as follows:

Mr. Woo, one of the board members of the Association was actively involved in the re-development project. Mr. Woo is a famous builder in Hong Kong who owned many construction projects. According to Mr. Leung, the Scout Chief Executive of the agency, since Mr. Woo was also a boy scout in his youth, he was very committed in the project.

At the beginning, no bank was willing to provide a loan to the agency. Mr. Woo then

shouldered 2/3 of the building cost on his own. However, since the project proceeded well, the other 1/3 of the building cost was borrowed from the Bank of China. (The total cost was estimated to be 0.35 billion HK Dollars.

Because of the favourable performance of the hotel, three other banks were then willing to lend money to the Association. (the banks include Hang Seng Bank Ltd., Yau Luen Bank and a Japanese Bank). Mr. Woo then withdrew from the project and the Association now owns the hotel with the loans from the banks. Concerning the ownership of the building, the agency owns:

- the basement
- part of the front gate
- the car park (1/F to 5/F)
- 8/F to 11/F

Hong Kong Telecom owns two floors of the building while Hong Kong Government owns the bus stop/terminal at the rear of the premises.

The Scouts' Association employed the Hopewell Company Limited and its subsidiary as agents to manage the hotel. However, the Chief Scout Executive sits on the management board and makes the important decisions.

The decision for approval of the re-development project was made at the Executive Council, the highest decision making body in Hong Kong, with the understanding that the Scouts' Association would request less financial support from Government (that is, subvention) because they could generate their own resources. However, Mr. Leung revealed that there was no clear guideline for the percentage cut , or the decrease in subvention. The loan period is estimated to be seven years, but the favourable occupancy rate of the hotel

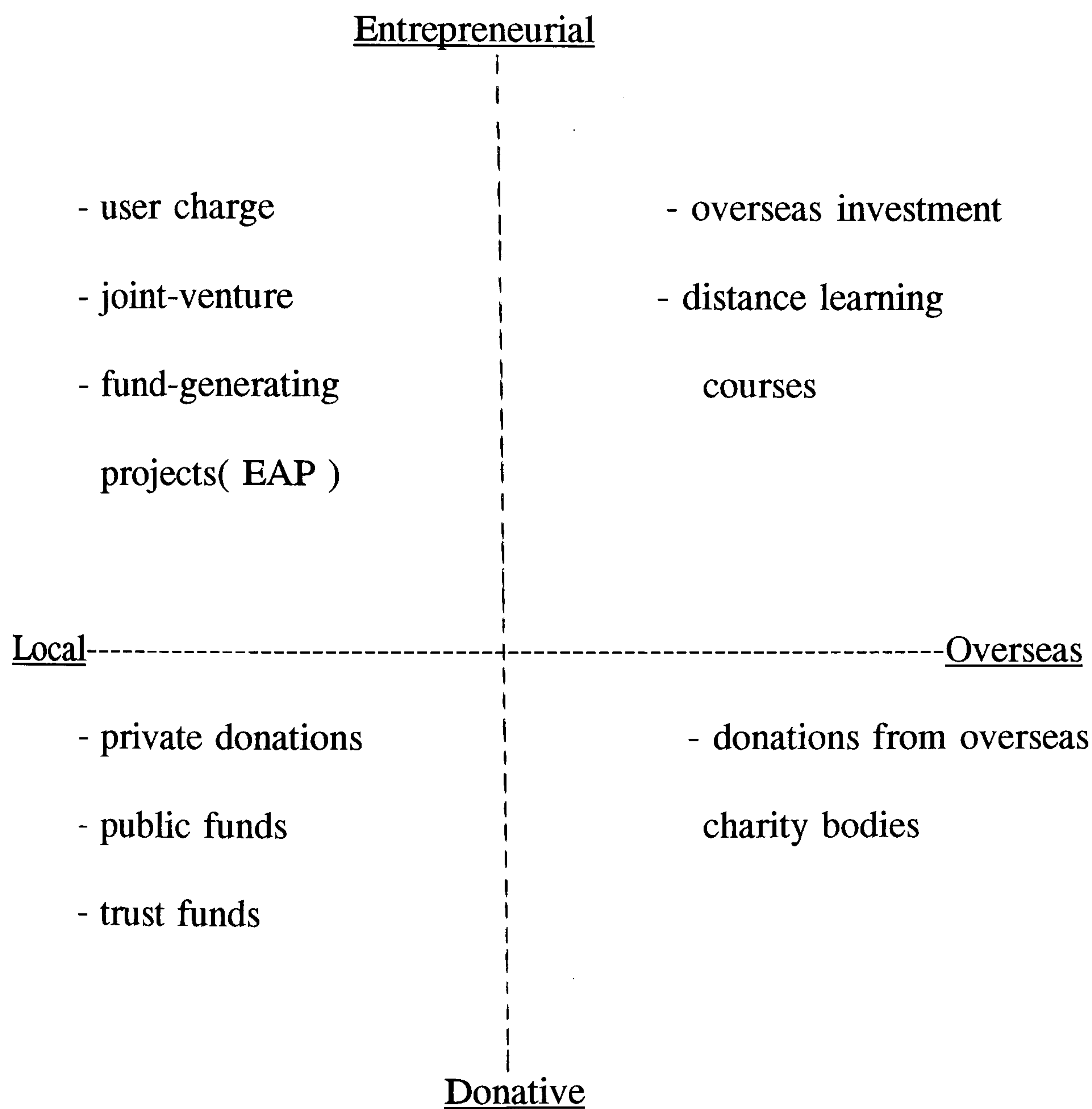
now appears to enable a shorter loan period. According to Mr. Leung, the current rate for renting a room is around \$ 1000 HK dollars. The average occupancy rate is around 80 per cent (the other hotels in the same areas are 90 per cent), that is, they are comparable with the other purely commercial hotels in the same area. Fund generated from the earning would provide more flexibility to the innovative projects, for example, the Integrative Team in the youth service, making an improvement of the facilities of the Association. During the whole interview, Mr. Leung stressed a great deal on creating the agency's own resources, stating that to gain greater financial independence was crucial for non-governmental organizations.

c) Other resource mobilization strategies

HELPING HAND is working on its strategies on the mobilization of resources, such as a new project called the 'Lai See Cookies Campaign'. The project involves the service recipients, that is, the elderly people and sells cookies to the public. The cookies are donated by a company. Various counters are set up in the city each February. A total of 4.5 million Hong Kong Dollars is raised every year. The Agency is also working hard on promoting this activity by sending appeal letters to the public, and faxes and sponsorship forms to the friends of the committee members. Numerous volunteers are also recruited to help in the activity.

The following diagram summarizes the different categories of resource mobilization strategies both the use of two different perspective: from the scope of donative to entrepreneurial; and from the scope of local to overseas.

Fig. 8.4 Categories of resources mobilization



Based on the data collected, it is observed that the sources of income of voluntary organizations has changed from donations, both from local and from overseas, to operating income generating business. The entrepreneurial approaches include engaging in joint venture with private developers or providing services in private sectors. Other activities included are offering distance learning courses and overseas investment.

4. Human Resources Strategies

Two categories are identified in the domain of human resources development: (a) training and staff development approach; and (b) staff maintenance and stability approach.

a) **Training and development approach**

Such an approach aims at improving the competence and skills of the staff in coping with the increasing complexity of the situation and clients' needs.

The HONG KONG FAMILY WELFARE SOCIETY, places a growing emphasis on the importance and use of research in service development and monitoring and may be considered as a case of 'knowledge-based practice'. The introduction of 'service pledges' at all service units is taking place. These service pledges provide clear service objectives for the staff and clients. The pledge statements are made known to the public to ensure service accountability. Recently, the theme and format of staff development have been changed. The earlier format required that new staff attended a comprehensive training programme on 'family therapy'. But now, the themes are boarder and the format is becoming more flexible.

b) **Staff maintenance and stability approach**

Such an approach aims at improving the stability and morale of the staff in serving the agencies. Policies including the standardization of staff welfare and benefits are formulated.

For the PENTECOSTAL CHURCH OF HONG KONG, the planning of standardized staff policy and welfare among all the staff members is the present concern. Such a change is mainly due to the reason that the newly recruited Executive Secretary wants to upgrade the service quality. The contents of staff policy would include the welfare, the fringe

benefits, and conditions of work. Such a policy is regarded as providing a greater incentive for the staff to stay.

5. Service Strategies

In order to cope with the increasing demands and competition in the social welfare sector, three board strategies are identified: (a) diversification; (b) quality management initiatives; and (c) professionalization.

a) Diversification

Some organizations are diversifying their service domains in order to provide more opportunities for development. Examples like the HONG KONG CHRISTIAN SERVICE in developing the 'Employee Development Scheme' or the establishment of a 'Re-training Programme' in the Lady MacLehose Social Service Centre are some of the many examples.

Some organizations are starting the 'pilot projects' that will serve as 'demonstration projects'. For example, the WAI JI TRAINING CENTRE's new management development plan is being implemented:

1. renaming of the Agency as "the Wai Ji Christian Service";
2. recruiting a social worker (non-subvented post) to supervise the non-subvented projects such as the Gateway Club and Respite Care.

b) Quality Management Initiatives

Some organizations like the ST. JAMES SETTLEMENT, the SOCIETY FOR THE

AGED, the YOUNG WOMEN'S CHRISTIAN ASSOCIATION are implementing the 'Total Quality Management' approach in order to improve the quality of service so as to increase the competitiveness of the organizations.

For example, the SOCIETY FOR THE AGED has recently started a TQM project among its four residential homes. Two are old homes while the other two are newly established. Dr. K.K. Tse, a management consultant now serving as a Board Member of the Agency is offering free consultation for the organization. Two other professors from the Hong Kong Polytechnic University also serve as facilitators.

In an other organization, the ST. JAMES' SETTLEMENT, a Task Group was formed a few years ago, which aimed at providing a future service direction to the senior members of the agency. An Advocacy Group was also formed to discuss service development and social issues as well as other issues related to the service, for example, the development of a provident fund and TQM. Its Elderly Service Unit recently started the process of adopting TQM in its service unit. Consequently, the whole Agency is planning to implement TQM in the coming years. A consultant has been invited to provide assistance and support. The consultancy will last for a period of three years.

c) Professionalization

Some organizations like the HONG KONG FAMILY WELFARE SOCIETY and the HONG KONG FEDERATION OF YOUTH GROUPS are setting up special task forces with a view to up-grading their service standards. Service charters or service packages are being developed. Knowledge-based practice, which focuses on the research findings, are focused.

Practice models and service development are formulated by the use of solid theoretical perspectives, and are supported by the research findings.

In the HONG KONG FAMILY WELFARE SOCIETY, there is a growing emphasis on the importance of the use of research in service development and monitoring. In addition, the introduction of 'service pledges' at all service units has been completed. These service pledges provide clear service objectives for both staff and clients. The pledge statements are made known to the public to ensure service accountability. Recently, the theme and format of staff development has been changed. The former format required new staff to attend a comprehensive training programme on 'family therapy'. Now, however, the themes are boarder and the format is becoming more flexible.

6. Political Strategies

Three board categories of approaches are identified:

- (a) sovereignty approach;
- (b) political alliance;
- (c) avoidance/ disengagement.

a) **Sovereignty approach**

Organizations like the HONG KONG RED CROSS and the SALVATION ARMY, normally these being international organizations, are thinking about sovereignty issues. The Red Cross is planning to transfer its management from the British Headquarters to Chinese Headquarters, while the Salvation Army is implementing a "localization policy", meaning that most of the senior posts in the organization will be filled by local Chinese people.

In the case of the HONG KONG RED CROSS, there are many changes in its management development activities. First, its relationship with the Chinese Government is becoming closer. The new name of the agency will be "Hong Kong Red Cross (China Branch)". At present, the Hong Kong Red Cross has close links with the other international organizations. However, Ms. Fang, the Secretary General of Hong Kong Red Cross, foresees that there will be some disputes between the office and the British office, especially after the recent disputes between the British and Chinese Governments. However, the Joint Declaration in 1984 was a guiding principle for future action. As a result, more links with the Peking Office and the Kwangtung Office of the China Red Cross will be established and demonstration projects in these two areas will be started because it is easier to mobilize resources in these two areas.

The Agency is now currently thinking about re-developing its Headquarters. Recently, the Agency has applied a 'Strategic Planning Approach' in the Youth and Uniform Group Section. Concerning the contents of the 1992-1995 plan, five major areas are emphasised:

- : service for youth
- : training
- : community involvement
- : membership
- : leadership

The contents are mainly focusing on the service development, yet, resource development is not emphasised since it was only a divisional plan. The major item for resource generating is fee-charging for first-aid training courses conducted. The characteristics of the plan is considered as optimistic, especially in view of the changes in the political environment after improvement rather than quantity increase. She also claimed that little constraint from local

government is perceived. For example, market concepts can be applied in order to gain greater autonomy, but the Agency is not too keen about that. She also said that the agency could gain a considerable sum of money if it could sell first-aid kits to vans and trucks. However, the Agency has dropped this ideas because she opined that supporting social service should be the responsibility of government.

b) Political Alliance

Some organizations are having closer working relationships with their counterparts in Mainland China. Most of them are active in joint ventures with the corresponding ministry across the border.

In the case of the HONG KONG FEDERATION OF YOUTH GROUPS, since the General Secretary is fully occupied by her public commitments, the Deputy General Secretary is mainly responsible for the overall administration of the agency. Moreover, the Staff Training Officer is also deeply involved in the planning and decision-making of the agency. The yearly budget for staff development is around HK\$ 100,000. The Research officer is also involved in the study of the community and social issues or problems concerning youths. Such findings will continue to provide useful information for the agency. The recent scope of training and research is the collaboration with the Chinese government. Because of such emphasis, the Agency also has a Task Force working out proposals for future development. Members include the Deputy Director and middle management staff.

c) Avoidance/ Disengagement

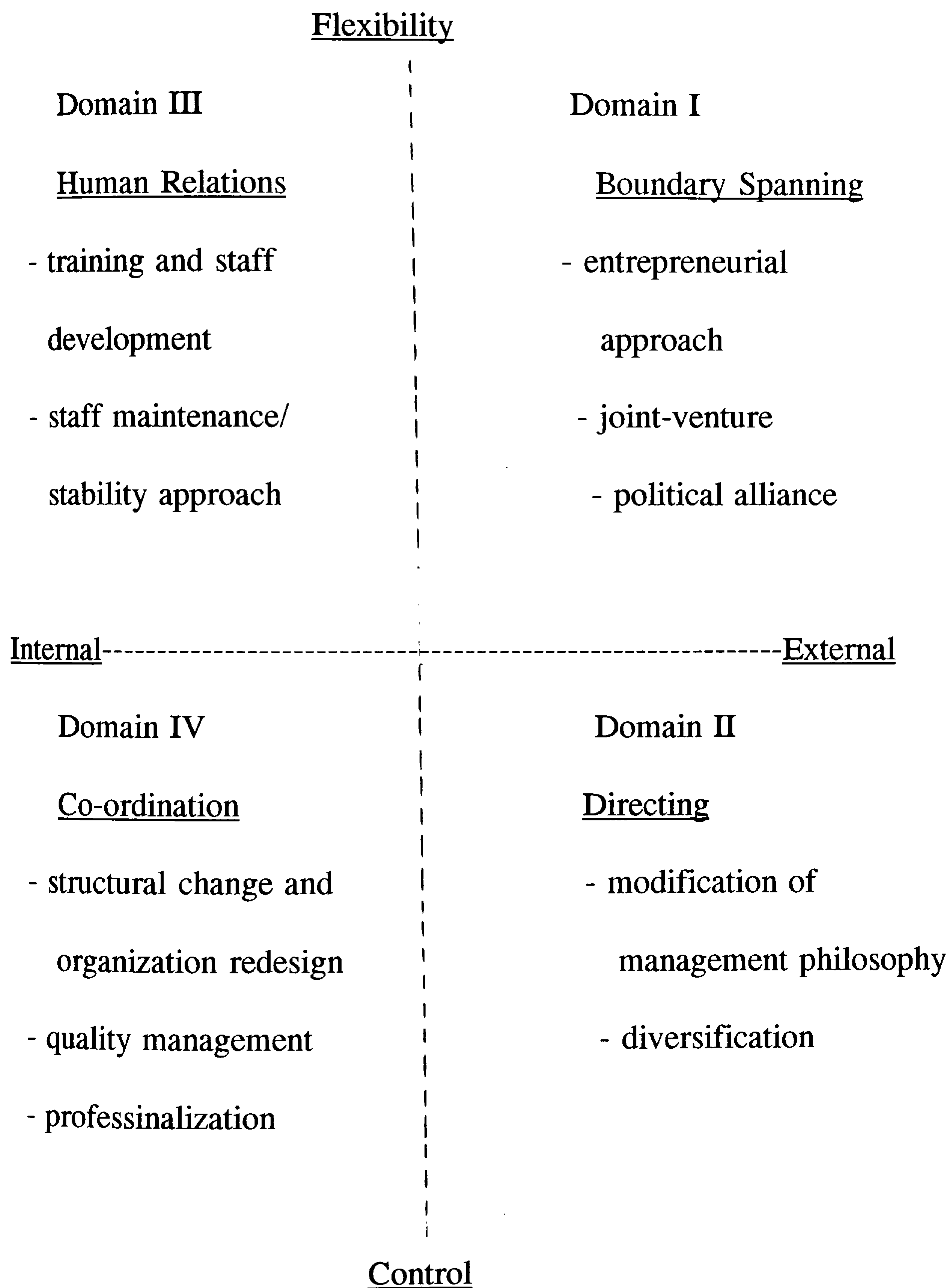
Some organizations are hesitated about establishing working relationship with the relevant

ministry in Mainland China. Some of them are planning to withdraw their contribution away from Hong Kong. As mentioned in previous paragraphs, the FINNISH MISSIONARY SOCIETY is planning to merge with the Evangelical Lutheran Church of Hong Kong since the Board of the FMS have decided to leave Hong Kong because of the change of political sovereignty in Hong Kong after the year 1997.

Another one is the TSUEN WAN ECUMENICAL SOCIAL SERVICE CENTRE. The Agency was then suffering deficit financially. In order to support the non-subvented service in the Agency, staff members were willing to contribute their own money. The Team Leader of the non-subvented service was very committed and she did not request for salary increment nor promotion even her service exceeded five years

In conceptualizing the different patterns of management development, a paradigm has been constructed in order to group the patterns in different domains.

Fig. 8.5 Patterns of Management Development



In Domain I, it is called Boundary-spanning Domain as the main focus is to expand the scope of the managerial practice. The entrepreneurial approach, joint venture and political alliance are considered as in the same domain.

In Domain II, it is called Directing Domain since the essential features in this types of management practice are refocusing the management direction and structure. The strategies of modification of management philosophy and service diversification can be considered in the domain.

In Domain III, it is called Human Relations Domain since the main focus is on the human resources management. The strategies of training and staff development and staff maintenance/ stability approach as discussed in previous paragraphs can be grouped in this domain.

Last, but not least, Domain IV is called Co-ordination Domain as the features are internal-focused and control orientated. Strategies on structural change and organization redesign, quality management and professionalization are considered in this area.

G. SUMMARY

In this chapter, the data collected from examining twenty-five agencies has been analysed. First of all, concerning the perceived prominent issues affecting the organizations, ten issues are identified. These issues are service accountability; competition; manpower and training; decline of financial resources; Board of Directors' influence, responsiveness to community needs; government policy; political alliances; avoidance and problems of survival.

In examining the responses of the non-governmental organizations to these issues, it is found that different agencies have different strategies, yet, only four organizations have

formal strategic planning mechanisms. In analyzing the organizations, it is revealed that their mission statements are either outdated or have not even existed. The contents of the mission statements are also too broad that they can hardly provide strategic direction for the organizations.

Service development is a major concern for most of the agencies. A diversified pattern of service development strategies is found and the types of these strategies is summarized in Fig. 8.3 on page 161. Ten types of service strategies are grouped into four domains, namely "existing market and existing service", "existing market and new service", "new market and existing service" and lastly "new market and new service".

A variety of management development strategies are also identified. The strategies are categorised as modification of management philosophy, structural change and organizational re-design, financial strategies, human resources strategies, service/ production strategies, and, lastly, political strategies. A framework is constructed to match with the four different domains as in Figure 8.5 on page 193.

CHAPTER NINE

FOUR MODES OF STRATEGIC PLANNING AND MANAGEMENT

INTRODUCTION

In this chapter, the focus is the examination of the four agencies that claimed to have implemented strategic planning and management in coping with the changes in their agencies. In examining the contents and the process of the four organizations, it is found that four different modes of strategic planning can be identified and analysed.

According to Drago (1990) four different modes of strategic planning are identified, namely :

- Domain Enlargement Mode (Strategy);
- Domain Enhancement Mode (Strategy);
- Domain Restructuring Mode (Strategy); and
- Domain Reduction Mode (Strategy).

The above concepts are considered as appropriate to describe the administrative system and the response of organizations to the changing environment. However, these concepts are modified in order to fit the context of non-profit organizations because there is an absence of market mechanism in social services. In this thesis, the four concepts are then redefined as follows:

The **Domain Enlargement mode** refers to the pattern that the direction of future

elopment is aimed at expanding into new activities, service or clientele.

The **Domain Enhancement mode** refers to the pattern that the direction of future elopment is aimed at improving their competitive position within the current operation.

The **Domain Restructuring mode** refers to the pattern that the direction of future elopment is aiming at refocusing and restructuring the current service provision.

The **Domain Reduction mode** refers to the pattern that the direction of the future elopment is aimed at deleting certain activities, service and clientele from current eration.

In the following sections, four different types of modes will be illustrated by four ganizations. The four organizations are :

- Hong Kong Christian Service (HKCS)
- Grantham Hospital (GH)
- Kwun Tong Methodist Centre (KTMC)
- Hong Kong Red Cross (HKRC)

DOMAIN ENLARGEMENT MODE : the case of Hong Kong Christian Service

Background of the organization

Hong Kong Christian Service emphasises that it has a tradition of responding to the needs and problems of society since its establishment in 1952. In the 1950s, remedial services such as the construction of houses was considered as the immediate need. In the 1960s, with the active fulfilment of human basic needs, other social services such as hostels for elderly people and child care centres were provided. In the 1970s, more developmental services such as Family Life Education, children and youth centres and school social work were developed.

Approaching the 1980s, the agency was looking for better ways to meet the needs of different sectors of the community. The development of innovative services was therefore emphasised and promoted. Moreover, the agency also identified its role of "advocacy, community education and professional development" as important.

In the face of the 1990s, HKCS has continued to stress its clear direction of promoting innovative programmes, enhancing community education, advocating improved social policies and upgrading staff training. The agency, therefore, now not only responds to the environment but also wants to promote its ideas to and within the environment.

Assessment of the Environment and Social Trends

The organization is particularly impressive in its policy on the diversification of financial resources for social welfare. Early in 1984, the idea was presented in the agency's newsletter. It was indicated that funding from the Community Chest (with the growing number of member agencies) and overseas was becoming less and strictly limited. Government sponsorship only took into account standard costs, and usually failed to catch up with

ation, neglecting the development of services. It was believed that if innovative plans and vice developments were valued, a diversification of financial sources for social welfare might be an alternative for voluntary agencies in the face of economic distress. At that time, Deputy General Secretary emphasised that there would be no 'free lunches' in the world. The matter was only that of 'who paid for it?'. He considered government commitment in the provision of social welfare was important because it stood for the realization of welfare benefits instead of charity.

In 1991, the idea was again highlighted in the newsletter. The agency had been developing certain types of services in terms of service charges and payment by employers. (The Employee Development Scheme is one of the services). It was predicted that the government's commitment and sponsorship to the provision of social welfare would be less, and pessimistic. The diversification of financial sources for social services was believed to be an effective supplement to the existing system and with limited resources the number of beneficiaries could be extended.

Here the agency clearly sees its difficulties in the face of limited resources. With a commitment to the development and innovation of services, the organization is eager to look for new ways to increase its resources. The agency is also keen to explore the possibilities within these limitations. Senior staff described themselves as 'walking on two legs instead of depending on one leg only'. And they show a clear stand that they will not use government subvention to subsidize any payment-receiving service, such as the employee assistance programme.

Mission Statement and Core Values

In the 1980s, four directions of service were formulated: "Creativity, Men of Talent, Advocacy and Education". They found that social education was very important. According

Mr. Suen, the present Assistant Director, Hong Kong should have its own culture. As members of the Hong Kong community, people are citizens of the territory and greater emphasis on education is deemed necessary. Besides, the voluntary agencies should perform more tasks in advocacy. This is because correct levels of advocacy do affect the formulation of social policies which subsequently affect the lives of people in the territory. Creativity, the agency, means to have innovation in service skills and modes of operation, such as the engineering of the management process. Men of talent is the basic component of the other three directions.

Surprisingly, according to Mr. Suen, the Hong Kong Christian Service has its service direction first and then it sums up the underpinning core values. The order of the process is just the reverse of the normal strategic planning process. In the 1980s, the agency staff simply implemented the four services by administrative procedures through the existing management structure. The management structure was quite simple in the sense that it was divided into different hierarchies such as the Director, Assistant Directors, Supervisors, Unit heads, and staff members. However, it was later found that the four service directions could hardly be co-ordinated within the organization. Three **task forces** were later organized in the three major service areas: **family services, youth services, and services for elderly people**. Through these task forces, the organization has been able to adhere to its stated direction for the past seven years. However, some other staff started to question the basic values and underpinning philosophy of the service direction and felt that some elements were missing. Thus, the organization organized a retreat camp in May, 1989.

At that retreat camp, a thorough evaluation of the organization was conducted, including WOT Analysis, that is, a Strength, Weakness, Opportunity, Threat. Another follow up

treat activity was conducted in 1990. In this activity, the mission statement was formulated, and this served as the basic value premises of the future direction of the agency.

The Mission Statement covers five aspects- individuals, society, style of work and service:

"1. The Hong Kong Christian Service affirms the dignity and uniqueness of the individual. Every single person is endowed with intrinsic value and possessed with possibilities. In this affirmation, the agency engages not only in the provision of services, but also in stimulating initiatives and participation among the people towards a caring community.

2. The agency is convinced that a stable and forward looking society is a free, democratic and caring society in which people live in peace, enjoy the fruits of their labour, and are encouraged to develop their unique gifts in interdependence. For these reasons, it actively seeks to be alongside people in influencing the formulation of public policies and monitoring their implementation.

3. The Hong Kong Christian Service strives for excellence, vision and creativity in the provision of professional services which are effective and humane. As an organization of multiple resources, a state which must be maintained and further cultivated, the agency is committed, and is in a position to provide relevant services to all sectors of the community, particularly to the most neglected groups. It believes in accountability and welcomes public scrutiny.

4. The organization recognizes its needs for staff members who have a sense of mission and the quality of dynamism, people with a capacity for reflection, loyalty and high ideals. Therefore, great importance is attached to staff development and an optimum working environment.

5. Openness, flexibility and leanness in the modus operandi are valued, aiming at the

creation of a corporate culture which encourages participation, communication, personal involvement and mutual encouragement.

As the mission statement indicated: "We believe a labour of love makes for lives which are more abundant".

The objectives of the organization also include:

" Hong Kong Christian Service is dedicated to promoting Christian Service FOR THE HEALING AND GROWTH OF PEOPLE in the Hong Kong community by:

1. providing treatment, guidance and education for those who are in need physically, intellectually, emotionally, socially or spiritually;
2. identifying unmet human needs and developing new and innovative services to meet such needs;
3. mobilizing Christians and the general public to support such services;
4. advocating more adequate social welfare policies in Hong Kong so that all citizens may be protected and cared for;
5. joining with the churches in Hong Kong in working out a servant-hood lifestyle that will have an exemplary impact on the community;
6. uniting with other ecumenical bodies throughout the world to help build a more just, participatory and sustainable world society."

In the period 1991 to 1995, the organization confirmed this statement. In order to let the staff understand and support the statement, the senior staff used many different ways to deepen the concepts by organizing numerous activities, such as initiating an 'outstanding staff

ward'. As the political and social welfare situation in Hong Kong changed rapidly in the 1990s, another SWOT exercise was conducted in 1994. After the second exercise, a time frame was added to set the objectives so that a rolling plan could be developed. Besides, an administrative structure was also developed in order to co-ordinate and check how effective the policies are.

The Organizational Structure

The structure of the agency was in fact formed in some ways by responding to the environment and the realization of the goals and objectives. A Development Office was formed in order to develop new services and pilot projects. In recent years, new services such as implementing community service networking approaches in family service, the development of a new PS33 drug addiction treatment unit as well as pioneering employee assistance programmes (EAP) were tried out.

In HKCS, as noted earlier, the Information Officer acts as a bridge between the agency and the outside world. She helps in releasing centralised information and responding to social issues. She also helps in promoting the agency and offering new ideas to the general public through the publication of a newsletter and the release of news to the mass media. The post is directly under the supervision of the Director and it appears that the agency really considers its image and release of information as crucial. Besides the Information Office helps in keeping the agency in touch with updated news and information of the Hong Kong society (for example, through newspaper cutting, government reports and research reports), the office also centralizes all the information of the agency itself (for example, annual reports and newsletters). Another office, the **Publications Office**, also plays an important part. It is responsible for the publication of books and reports which share the ideas of the agency with the public. The agency takes publication as one of the means to realize its role

f 'advocacy' and 'community education'.

Strategy Formulation

1. Service Development

a) Innovative Project: The Agency tries to advocate innovative projects in order to meet the ever-changing needs and demands of the community. For example, the new project for making use of service networking and community development concepts to serve the families and marital problem cases in a new town (Tuen Mun) is one of the many examples in developing new service models in social service. The "PS 33" project mentioned earlier is also an example about how to tackle the soft drug problem in the Tsim Sha Tsui areas where there are many young people taking soft drugs. This project is the only project which adopts the preventive approach to help young people at risk.

b) The development of Fee-charging Services: the Employee Development Scheme (EDS) is a new service originating from the United States, one in which the Agency will tailor-make services to meet the needs of private companies. As mentioned in the last chapter, the services rendered include a counselling service to the employees, supervisory training programmes for managers, recreational programmes for the staff and their families, and running a child care centre sponsored by the employer, a telephone hotline, and so on. The service is operated on a self-financing basis, that is, the companies which receive the services have to pay the cost of staffing, programme expenses and so forth.

Management Development

As said in chapter eight, a new post, that of Development Officer, has been established and the development officer is now being sponsored by the agency to attend an MBA programme in London for one year. She is expected to head up the Employee Development Service (EDS) in the future. The EDS service would later 'hive off' from the Head Office and would become an independent office with greater autonomy and flexibility. At present, the EDS provides different services to private companies such as banks, Hong Kong Telecom, the Mass Transit Railway Corporation, and so on. Resource generation would be one of the main foci of future development.

Critical Success Factors

1. It is observed that the leadership of the organization is very strong and the top executive is competent to transform the culture and the vision of the organization in a developmental direction.

2. The learning culture as cultivated by the director is particularly impressive. Innovation and a risk-taking culture are commonly observed through out all levels of the organizational hierarchy.

2. DOMAIN ENHANCEMENT MODE : the case of Grantham Hospital

Since the establishment of the Hospital Authority in 1991, the Hospital Authority has been very aggressive in up-grading its service quality to patients. The Grantham Hospital has started to implement Continuous Quality Improvement (CQI), and the employment of an external consultant has also been included in order to bring in concepts from the business field. After a period of two years, it is witnessed that there is an increase in involvement of clinical practitioners in the CQI process. The CQI structure was also established in order to implement the CQI activities in an organized manner.

Prominent issues affecting the organization

Similar to the problems of other social care systems, the Grantham Hospital also encounters problems from the outside environment and tightened resources. The issues that are most recently affecting the organization are as follows:

- poor accessibility to the hospital;
- increasing public expectation of the services provided;
- shortage of manpower, especially experienced and highly specialized nurses;
- an ageing and increasing population;
- shortage of funds and diverse specialization because of the development of modern technology.

Recent Development

1. Service Development

As in line of the service plan of the Hospital Authority Head Office (HAHO), the service goal and objectives of the hospital are to provide quality patient care through teamwork.

2. Management Development

There was a change of the Hospital Chief Executive in 1992 . The new executive , Dr. . C. Leung, used to work at the Department of Health . Thus , there was a change of top leadership . As in line with the overall development as introduced by the Hospital Authority, the Grantham Hospital established the new management structure in 1992.

Under the principle of new management initiatives, the hospital took very aggressive actions in implementing the continuous quality improvement (CQI) approach. The adoption of this CQI approach involves the establishment of the CQI structure in the hospital. A Nursing Officer was deployed as the CQI Co-ordinator. Also, the Continuous Quality Improvement Teams (CITs) were formed in different units of the hospital.

Key Organizational Inputs

According to Dr. Leung, he pointed out there were four key organizational inputs for such a organizational transformation:

- environment;
- resources;
- history; and
- strategy.

For the inputs relating to the environment and resources, several factors are crucial, including: new medical technology, and increased medical specialization, decreasing access of money and manpower shortage.

History provides a frame of reference. Many change processes have been undergone since the hospital's establishment in 1957, and these can be found in the culture, core values,

addition, and stage of development, " Dr. Leung explained to the interviewer the background of modifying the management structure in the hospital includes:

- having objectives are providing quality health care and quality hospital services;
- to operate in line with the recommendations of the Provisional Hospital Authority report.
- redefine the task with input from multi-disciplinary staff;
- provide a proper framework with clear lines of management accountability in order to improve the efficiency of hospital services for the benefit of patients.

In the new management structure, clear objectives became the common ground that brought staff together. Division of labour was redesigned so that tasks were re-allocated among different departments. The mode of co-operation among departments was also re-arranged. Upon the change of the management structure, the lines of responsibility and accountability were redesigned so that the involvement of the multi-disciplinary staff could be encouraged.

Core values and Mission underpinning the Strategic Change

As the core values are the direction of the organization, the mission statement is in line with the mission statement of the Hospital Authority:

"In accordance with the Government's policy to safeguard and promote the general public of the community as a whole and to ensure the provision of medical and health services for the people of Hong Kong, including particularly that large section of the community which relies on subsidised medical attention, so that no one should be prevented through lack of means from obtaining adequate medical attention, the mission of the Hospital Authority is:

- to meet the different needs of patients for public hospital services, and to improve the hospital environment for the benefit of the patients;
- to project to the public at large an image of care, dedication, efficiency, value for money, and partnership, and to encourage public participation in the system, resulting in more direct accountability to the public;
- to provide rewarding, fair and challenging employment to all its staff, in an environment conducive to attracting, motivating and retaining well-qualified staff;
- to advise the Government about the needs of the community for public hospital services and resources required to meet these needs, in order to provide adequate, efficient and effective public hospital services of the highest standards recognised internationally within the resources obtainable; and
- to collaborate with other agencies and bodies in the health care and related fields both locally and overseas to provide the greatest benefit to the local community."

Mission statement of the Grantham Hospital

"We are committed to be and remain Hong Kong's **BEST** hospital for caring for patients with heart and lung diseases.

We will achieve our mission through :

- focusing on patients and providing competent and dedicated care beyond their expectation;
- building an enthusiastic and effective team with shared core values;
- involving all levels of staff to continuously improve on all our activities;
- enhancing training and continuous education for staff and professionals;
- undertaking innovative research projects to the benefit of the scientific and medical community;

- establishing partnership with the community in the prevention of heart and lung diseases."

When discussing the above mission statement, Dr. Leung emphasised that the needs of the patients remains their major concern; in addition, she added, "we should know the needs of the customers, otherwise, what we have done will be a waste. Another primary concern is 'public participation' that is, feedback of patients and their relatives in the community. As an organization, the hospital can interact with the nearby environment. 'Staff' is also important as well as being an asset of the organization. Staff, customer and process are the three main elements. Basically, patient-centred care will be valued if you care for your staff. On the other hand, we should also look into the process, otherwise nothing can be changed. Then, patients will be benefited," Dr. Leung concluded. Based on Dr. Leung's statement, it is understood that there are three main concerns as included in underlying values of the mission statement, namely, patients, staff and process.

The core values as indicated in the annual report appear as follows:

" We Focus on our Patients

in-and-out-patients, discharged, potential patients and relatives

We Care for our Colleagues

well-being, development, satisfaction, recognition

We Strive for Continuous Quality Breakthroughs

incremental as well as dramatic improvement

We Succeed through Team Work

vision, leadership, determination, mutual coaching and support

We Practise Total Involvement

shared ownership, effort, achievement and reward."

Dr. Leung added that the main points that help achieve the above mission are the five pillars:

- leadership
- continuous improvement
- process re-engineering
- total involvement and
- customer-focus.

It is considered that the first three are the driving forces for the changes.

"How can we achieve 'customer-focus'?" Dr. Leung asks, then suggests, "Be empathetic. You may think if you were the patient and then you can serve them better. When we decide to do something, we can base on the core value and then make the management and operational decisions. We strive for Continuous Quality Breakthroughs that we should strive for ourselves if we want to achieve dramatic improvement."

Mechanism and Strategic Planning approach

1. The SWOT Analysis

The SWOT Analysis is one of the tools in strategic planning which is used to assess the external and internal environment of an organization. In examining the external environment, an organization needs to assess the opportunity and threats for its development. Regarding the internal environment, an organization also needs to assess its strengths and weaknesses as compared with other competitors.

" We should do the broad analysis first. We should analyze our strengths such as tertiary

care, being the major centre of heart and lung problems, the centre for training and research of Intensive Care Unit (ICU) nurses and so on. Weaknesses are poor accessibility, shortage of manpower (nurses) especially specialized nurses, and so on. We did the analysis in April 1994. We now make our efforts to tackle these problems.

Since most of our staff have good spirits and are highly specialized, we can identify the opportunities such as establishing a centre of excellence, developing the connection with the national health care organizations and so on. However, the shortage of ICU nurses and similar cardithoracic services provided by other hospitals are the major threats of our Hospital. An action plan then followed. However, we should do the core business well first. Definitely, we should provide continuous training for ICU nurses. Besides, training should be provided for doctors as well. The Grantham Hospital was built in 1957. The new board was set up in 1982. We still do not have sufficient facilities, but we should still do the continuous quality improvement," Dr. Leung emphasised.

The action plan as identified and implemented was to define the core business; upgrade the hospital facilities and ensure continuous quality improvement.

Key Organizational Components

Four major or key organizational components that were identified:

- Task
- Individual
- Formal organizational arrangements
- Informal organization.

Under the task, the business purposes are to establish a 'centre of excellence'; to upgrade 'patient-centred services'; and to develop 'research and education'. The work demands high specialization with interdependence between professionals and departments. Additionally, co-operation between the units was regarded as important.

Concerning the individual, people are eager to have further training. The hospital offer training course for the ICU nurses and also opportunities for doctors to study overseas. As the service emphasizes interdisciplinary co-operation, the continuous up-dating of knowledge and skills is considered as most important.

Formal Organization. A formal organizational arrangement provides the infra-structure for task accomplishment. Apart from the change in the management structure during recent years, the organization has established its staff appraisal system. The system is developmental-oriented so that a supervisor and his or her subordinates can discuss developmental aspects in review sessions. Staff may also suggest what things they want to do in their future plans. Opportunities are provided to develop persons and facilitate the interaction between the supervisor and the subordinates. A **committee structure** has also been established in order to facilitate communication among different staff members, such as the medical committee and the nursing committee.

Informal Organization. According to the Chief Executive, it is considered that the most important components not only include structure and process, but also relationships. Here, reference is to leadership and working relationships among different members of the organization. Leadership can create results through other people, through the ability and determination of the leader. From the point of view of the Chief Executive, the major

success factor is determination (90 per cent) while ability only constitutes ten per cent of the success. Apart from leadership, other essential elements included intra-group and inter-group relations. The hospital has implemented the cascading process in their 'continuous quality improvement' initiative. This process involves the leading and coaching of subordinates by the immediate supervisor at different levels within the hospital.

Action to improve the connection between various organizational components

Three types of actions have been identified to improve the connection between different organizational components, namely:

- individual-task;
- individual-organization;
- individual-informal organization.

At the level of the **individual-task** area, there is an emphasis on the involvement of individual staff members when setting targets and the business planning process. Also, training is considered as equally important.

At the level of the **individual-organization** area, the convergence of individual and organization goals is emphasised. At the Grantham Hospital, individual needs are met by providing professional training and empowering the staff. The tasks are subsequently closely monitored by the staff appraisal system.

With regard to the level of **individual-informal organization**, the hospital makes every effort to create the CQI culture and staff welfare as its incentives.

Output

There are three types of functioning: **a) organizational functioning; b) group unit functioning; and c) individual functioning.**

For organizational functioning, the ultimate goals are goal-attainment, resource utilization (including facilities) and increasing adaptability.

For group unit functioning, it is considered that all the units perform well, including clinical and non-clinical medical services and effective teamwork.

As regards individual functioning, the behaviour and affective reactions of both staff and patients are important indicators for their success. However, this information is sometimes difficult to measure.

Assessment of the situation in the Agency

1. The Hospital has been very pro-active in implementing the CQI project and several improvement projects have been completed. A video-tape was also prepared in order to consolidate their efforts of the hospital and showed its appreciation of the staff.

2. It is also evidenced that the clinical practitioners have become more co-operative and involved in the change process. However, there is still some resistance from certain medical doctors.

3. Following her appointment, Dr. Leung said she was quite directive at the beginning, but now she decentralizes the decision-making to other senior staff.

Critical Success Factors

1. There have been clear policy guidelines and service directives from Head Office.
2. For some time now, there is strong management orientation and a forward-looking and participatory culture in the health service area, especially, after the establishment of the HA. The HAHO shoulders strong leadership and control of the health service. For example, the introduction of the concept of internal market will certainly increase the sense of competition among the hospitals. The HAHO will play its role as service purchaser while the thirty-nine hospitals would become service providers.
3. Notably, there has been constant training at various levels.
4. This has been supported by strong communication, including an annual conference, a newsletter, bulletins and so on.
5. Every possible use has been made of advanced technology, for example, the use of computers, and laboratory.

D. DOMAIN RE-STRUCTURING MODE : the case of Kwun Tong Methodist Centre

Prominent issues affecting the Agency

There are several issues affecting the agency:

1. As the agency is expected to be responsive to community needs, it is claimed to maintain a relatively open system.
2. The environment of the agency is said to be more turbulent than ten years ago as there are to be several policy changes in the near future, including the introduction of an integrative children and youth service, a possible decline of financial support from the Community Chest and a refocusing of the Family Life Education Service.
3. the 25th anniversary of the agency has precipitated a shared vision at staff level as it was, it appears, an excellent time for the agency to have a critical review of its organizational effectiveness.

Recent Development of the Agency

a. Service development

In a period of thirty years, the organization has developed its services and extended from children and youth services to adult education. Two levels of service goals have been discussed among staff members, that is, the 'residual welfare role' as well as the 'social enhancement role'. The residual role refers to the traditional services required by the government because of government policy related to subvention. The social enhancement role refers to the function of promoting social justice and such activities which might not be supported by the government. It was agreed among the staff members that a combination of

the two roles were deemed necessary.

b. Management development

There have been considerable changes in the management system. These changes include a restructuring of the service units and the establishment of a new post.

1. Restructuring of the Service units has been completed as follows:

i. student & children service -> children & youth service

ii. youth & community service -> youth & adult service

iii. industrial social service-> grassroots working youth
service

iv. family life education -> family life development

v. (new service) -> elderly service

2. Establishing a new post:

The post of Resource & Development (R&D) Officer was established with major responsibilities for (i) the development of the new service; (ii) community liaison; and (iii) central administration.

Critical issues

1. There has been a sharp decline in the amount of subvention from the Community Chest. The current subvention from it is only fifty-two per cent of the expenses of the central administration of the agency. This is considered a low figure.

2. As the organization is considered as strong in its religious background, a donation from

the Jockey Club, or the Lottery Fund would not be acceptable. Thus, the major source of funds would be from the 'social service development fund' of the Church, and compatible with the religious aims and ideals.

Assessment of the Agency

1. The organization is relatively small in size and is used to enjoying a close and harmonious working relationship.
2. The newly appointed R&D officer is currently enrolling in a post-graduate course in social administration, and that might help the senior staff to be more receptive to new management concepts.

Agency Goal and Mission

The organization has undergone its initial stage of reviewing its organizational effectiveness. The amended missions of the organization are as follows:

1. Actualising the Christian Faith

- to actualize Christian faith and love by serving people through social service;

2. Encouraging the development of the holistic person (intra-personal)

- to promote the integrated and holistic development of individuals including their psychological, cognitive, social, spiritual and physical aspects; to empower individuals to be both self-enriching and autistic

3. Mutual caring (inter-personal)

- to promote mutual understanding of people and to foster a sense of mutual caring among groups and within families

4. Caring community (Communal)

- to improve the living conditions; to raise the living standards of local residents

and to promote a caring community

5. Social Justice (societal)

- to participate in social affairs together with other civic organizations; to promote the advancement of the society and to fight for justice and equity in society.

It is also the aim of the organization to promote a 'theory-directed model' which will be adopted as the future service model of the agency.

Mechanism of Strategic Planning

The organization first made an attempt at preparing a strategic plan in 1994. The basic tools was the 'SWOT' Analysis. Three major strategic issues were identified:

- 'positioning' of the organization in rendering social service;
- the 'quality' of the service through the professionalization of service standards;
- 'resources mobilization ' and the 'survival' crisis.

As the organization has ascertained its dual role as service provider and service pioneer, more pro-active resources strategies have been deemed necessary. A new post for 'resource and development' was considered crucial. The organization also established its 'Task Force on Agency Service Strategy' which is composed of the following members:

- two frontline staff
- the service supervisor of each unit
- the resource and development officer
- the executive secretary (convenor)
- the centre in-charge (the pastor)

The following strategies have been recommended:

1. The positioning of the organization

- to develop the existing venue as a pioneer unit or venture and to restructure the subvented unit into a provider centre.

2. Quality of service

- to upgrade professional standards through various activities such as research, publications, staff development and programme evaluation.

3. Resource mobilization

- to improve the resource mobilization approaches such as applying for a flag day, providing courses which may be profit making, preparing to fade out the support from the Community Chest if other supports are available.

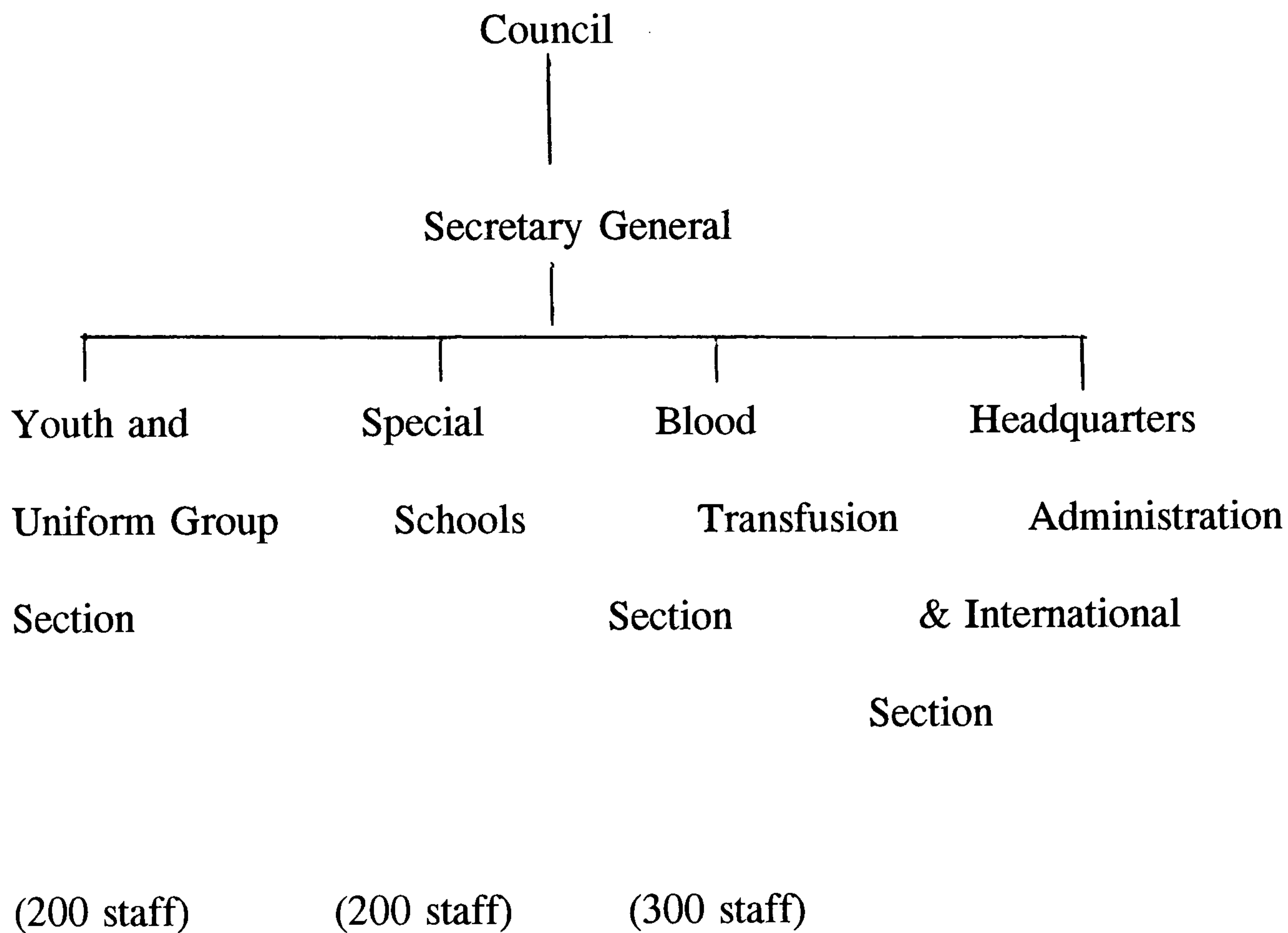
Critical Success Factors

Since the agency just completed their strategic planning process, it is rather too early to examine the outcome of the plan. However, it is opined that the strategies recommended are consistent with the environment that the organization is facing. The agency is encountering keen competition among other organizations, it needs to find the niche for its survival and development. Secondly, the strategies are also in line with the goals and mission statement of the agency in its future development. Both the service provider role and service pioneer role are included in future development. Finally, as resource was the major consideration for actualizing the pioneer role, the tasks of the resource and development officer in mobilizing financial resources will become more important.

E. DOMAIN REDUCTION MODE : the case of Hong Kong Red Cross

Organizational Features of the Hong Kong Red Cross: Youth and Welfare Department

The structure of the HK Red Cross is quite unique. The structure is shown as follows:



Total number of staff : around 700

Annual expenditure : HK\$ 100,000,000.

(N.B. the majority of the income comes from Hospital Authority)

The whole organization is divided into four major sections, namely, the Blood Transfusion Section, Red Cross Special Schools, Youth and Welfare Services and the Branch Secretariat. At present, the Hong Kong Red Cross is considered as the third largest youth

uniformed group, focusing mainly on community services. The essential features of the organization are: (i) it is **volunteers based**; and (ii) it provides **multi-services**. The volunteers of the organization come from different classes of economic background and occupation. It is interesting to find out that all these volunteers are the core people who are responsible for making decisions, designing programmes and allocating funds. The second feature is that it operates nearly all of the volunteering programmes (including adult volunteers and elderly volunteers) and local services, such as first aid training centres; medical equipment loan services; camp services and patient concern; and library services. The services provided by the organization are very much diversified.

Issues encountered by the Youth and Welfare Department in the 1990s

There are a number of issues encountered by the Department:

1. Stagnant development of the Red Cross Youth

A range of youth leisure activity patterns has led to the reduction of Government resources. The youth programme cannot expand. It is claimed that this Department still employs old and traditional programme skills to serve the young people. There is no breakthrough or change in designing new programmes.

2. Other leisure activities emerging as parallel services

The Government increasingly supports other leisure activities, such as first aid training programmes; patient concern and library services; camp services and medical equipment loan services which are considered essential to fulfil the needs of the society. However, there is overall less attention paid to the youth services.

3. Problems of volunteer leaders

Few voluntary leaders are recruited because of little participation in youth programmes. Power then transfers to the paid staff who may have little sense of mission. There are too many old leaders (over thirty years of service experience) who are now married and cannot spend much time on the service. The new ones are unwilling to use their free time. All these factors contribute to the shortage of voluntary leaders.

4. Social image of the Red Cross volunteers is loosely defined

The image of the Hong Kong Red Cross is not built up by the Department of Youth and Welfare. Instead, the image is the relief work done by the International Red Cross and the local Blood Transfusion Service. However, the Department has nearly ten thousand members. Most of them wonder that why they had to join the Red Cross as they do nothing with that under the Department. The identity of the youth and welfare service is loosely defined.

5. Need for consolidation of the local role and departmental strategy in facing 1997

According to the principle of the Red Cross Movement, **one country can only establish one Red Cross office**. After 1997, the Hong Kong Red Cross should be part of China's Red Cross. If the department cannot decide its sense of directions it cannot have a smooth transition. Therefore, there is a need for consolidation of its local role and development strategy, especially for adaptation.

The SWOT Analysis

According to Mr. K.M. Chan, the Youth and Welfare Officer, the following analysis has been completed regarding the internal strengths and weaknesses; as well as the external

opportunities and threats.

The strengths of the organization:

- committed leadership
- a large pool of organized voluntary manpower
- a well-structured programme package

The weaknesses of the organization are listed as follows:

- unclear working objectives
- rigid organizational and programme formats
- a conservative culture

Concerning the assessment of the organization in terms of threats and opportunities, the following items are found:

Threats:

- a change in the youth leisure activities patterns
- competition from other youth programmes
- diminishing Government resources
- the problems associated with 1997- a need to consolidate the operational mode.

Opportunities:

- charming agency image
- good potential in soliciting community sponsors
- emergency of mature and capable adults in the community who are willing to contribute voluntarily in meaningful services
- transformation of the public's service concept- from 'good will work' to international

concern and direct care to the sick and suffering.

Mission Statement

The slogan of the Departmental Mission is " **Caring for People in Crisis**" The mission statement is " to actualize the humanitarian spirit of the Red Cross in its commitment to the protection of life and health, in serving the sick and suffering in the community." The salient features of all the services include the three principles: " **Volunteering, Caring and pioneering**".

Strategic Planning Process

Since the volunteers come from different sectors, they do not have the same value orientation. They do things in their own ways according to their needs and interests. Thus, it is necessary to have an 'enlightenment' (that is to stimulate the need to plan) first. In early 1992, a management workshop was organized in order to grade their performance. No conclusion was reached since the leaders did not have the same values. They only had a vague objective: **humanitarianism**. It has been found that public participation only generates general concepts. This takes at least a half year to enlighten the leaders. In mid-1992, senior staff decided to have a **developmental plan**.

The planning stage was divided into two stages: the first was 'Broadbrush Planning' and the second was 'Task Planning'. At the broadbrush stage, the core leaders and unit heads first discussed the issues. A working group was then developed and the terms of reference included: review of mission statement; conducting 'strength-weakness-opportunity-threat' (SWOT) analysis; an identification of core issues; and exploring the public's expectations of the Hong Kong Red Cross. Some basic concepts were formulated. However, it was found

that this was still not enough. A second management workshop was then organized and the same strategic planning process was repeated. Questionnaires were sent to different units in order to invite the leaders and staff to express their opinions. The expectations of the members were gathered later. As the interest of the working group might be the same as the interests of different units entirely, the method of 'target scenarios' was employed. The services unit were allowed to choose among different 'scenarios'. Strategies were then derived later. It was discussed that different strategies would have different limitations. Thus, it was concluded that apart from the youth programmes, the adult volunteer-oriented strategy and popular services (such as first aid training) should be more focused. However, some services such as footdrilling would need to be sacrificed.

The second stage was the task planning stage. The development strategies from the 'Five Year Plan' were distributed to different working groups. For different areas, the groups sorted out the tasks listed as well as the time schedule for completion. Afterwards, more middle level staff also participated. The heads of the working groups discussed the strategies. They then matched the tasks and set the priority finally, an implementation plan resulted. According to Mr. Chan, the Youth and Welfare Officer, it was found that the task selection was confined to the interests of the senior leaders. Leaflets were published for every member of staff and all volunteers in order to consult their views. Promotion was also undertaken by organizing meetings so as to discuss relevant matters.

Concerning sectoral implementation, as different units would encounter many problems (such as an unclear mission statement and shortage of manpower) when they implemented their plans and tasks, a small-scale strategic planning process was carried out in different departments in order to revisit the mission and core values. A modification of the sectoral strategy resulted and the core values were later identified: **volunteering and pioneering.**

Features of the planning process of Hong Kong Red Cross

Essentially, there are four features of the planning process at the Hong Kong Red Cross:

1. Stepwise Approach by Trial and Error

It was considered as rather ideal to have the mission first, then the service goals followed by strategic planning and lastly the operational plan. It should be borne in mind that the planning process would be a repeated process. Maybe, at some stage, there would be a need to revisit the mission statement again and again.

2. Participation, Consultation and Promotion

Participation was very much emphasised. There were plenty of chances for participation from different groups. Sometimes, participation and consultation only existed at higher levels, but there was a lack of opportunity from lower levels. In this case, the SWOT analysis was conducted twice, that is, one was undertaken at the senior level while the other was conducted at the frontline level.

3. Use of target scenarios

It is important that the public should be approached and let them know the vision and visualize what they can do. Gaps in perception would thus be increasingly narrowed.

4. Sectoral Planning

The linkage of different services should occur. Some sections may go their own way after a time, and this appears inevitable and acceptable.

As mentioned in the last chapter, in the contents of the plan (1992 - 1997), five major areas are emphasised:

: services for youth

: training

: adult volunteers

: membership

: leadership

The contents are mainly focused on service development. Resource development is not emphasised since it was only a divisional plan. The major item for resource generating is fee-charging for first-aid training courses conducted for outside bodies. There are several characteristics of its plan:

1. the plan is considered as optimistic especially in view of the changes in the political environment after 1997.
2. The Agency is aiming at quality improvement rather than quantity increase.

Assessment of the Agency

1. it is rather difficult to apply the concept of strategic planning since the Chairman is too old to accept new management concepts. He is also rather conservative. Moreover, it is also not easy to mobilize the Divisional Heads.

Critical Success Factors

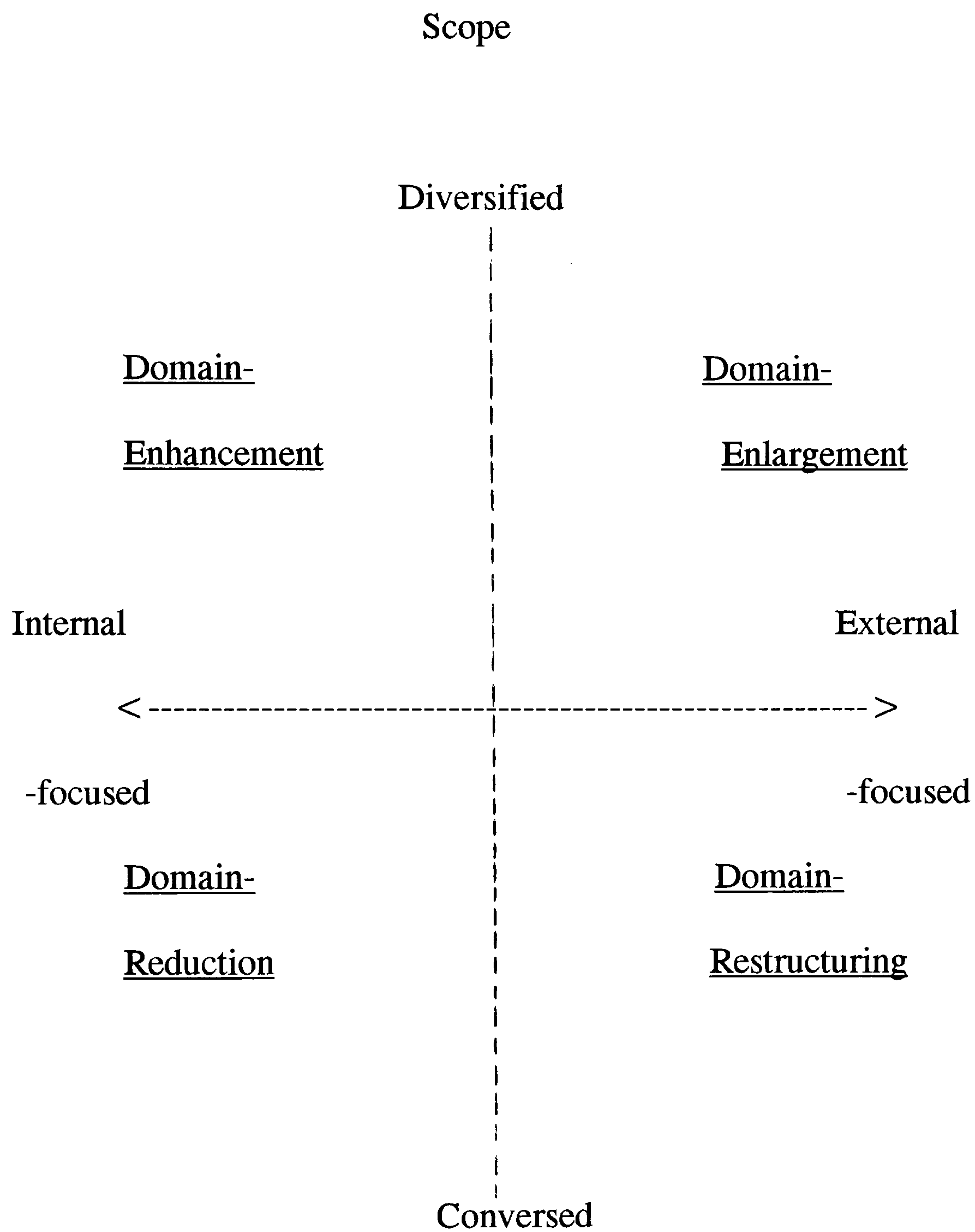
1. The first factor is the existence a young and energetic Agency Head, who received her education from a famous university in the US in the area of social administration.
2. The Agency is also enjoying its 'monopoly' status, since the Red Cross is unique in its

service nature.

3. Good relationships exist with Mainland China.

F. CONCEPTUALIZATION OF THE FOUR MODES OF STRATEGIC PLANNING

Fig. 9.1 Four Modes of Strategic Planning



Reflecting upon the four case studies, the above diagram has then been constructed which is composed of two axes: the scope axis and the focus axis. The scope axis can further be divided into categories: diversified and converged. The focus axis can also be divided into another two categories: external-focus and internal-focus. The top-right hand corner is called the "Domain Enlargement" mode which denotes that the planning is externally-focused and

the strategies are diversified. As indicated in the case of the Hong Kong Christian Service, it is seen that the agency is adopting very aggressive strategies in expanding the scope of its services as well as the 'market share'.

The left-upper corner is the 'Domain Enlargement' mode which denotes that organizations adopting this mode of strategic planning are aiming at strategies which are internally-focused and the scope is very much conversed. Expansion is not the major goal of the strategies. Instead, the strategies are aimed at improving service standard through different approaches. As illustrated in the case of the GRANTHAM HOSPITAL, the organization is implementing various aggressive approaches such as a 'continuous quality improvement' initiative to promote the competitive edge of the service.

The right-lower corner is called the 'Domain Restructuring' mode which denotes that the plan is externally-focused and the strategies are conversed. Some organizations adopting this mode, such as the KWUN TONG METHODIST CENTRE, may experience both opportunities and threats in their environmental assessment. Redefining the task and restructuring the existing service delivery system are deemed necessary, both of which would promote the competitive advantages of the agency. In the case of The Kwun Tong Methodist Centre, the organization is refocusing its roles into two categories, namely, the 'provider role' and the 'pioneer role' providing a good illustration that dual roles could become the goals of the long-term development of the agency.

The left-lower corner is called the 'Domain Reduction' mode that denotes that strategies would mainly be internally-focused and conversed. As illustrated in the case of the Hong Kong Red Cross, the organization is suffering from the problem of the unclear political

future of the territory, the overly differentiated nature of its service scope, and the priority in services to be rendered to the community. These are major concerns. Thus, a reduction in the scope of the service and repeated cycles of the strategic planning process (internally focused) would be major features.

A 7-S Framework is thus constructed for comparing the four modes of strategic planning:

	Domain Enlargement	Domain Enhancement	Domain Restructuring	Domain Reduction
1. Strategy	diversification	professionalizat ion	resegmentation	retrenchment
2. Structure	creation of new structure	creation of new structure and teamwork	redesigning of existing structure	revitalizing current structure
3. System	external- focused	internal- focused	external- focused	internal- focused
4. Style	entrepreneurial	planning	adaptive	adaptive
5. Staff	multi- disciplinary	multi- disciplinary	same profession	either multi- disciplinary or same profession
6. Shared Value	expansion	quality	survival	survival
7. Skills	service expansion and market development	TQM and Process Re- engineering	Structural review and team-building	management evaluation and review

Figure 9.2 7-S Framework for comparing four modes of strategic planning

CHAPTER TEN

SURVEY FINDINGS: DATA ANALYSIS AND DISCUSSION

A. INTRODUCTION

In this section, different organizational attributes (including levels of subvention, religious background, the complexity of the service, the size of organizations and the nature of services) are compared with the variations in strategic planning and management (in terms of current direction, the criteria used in screening alternatives strategic directions in the future and the mechanism in monitoring future plans). A questionnaire was constructed, based on the data collected in the case interviews. The purpose of the questionnaire survey was to investigate the overall response of the non-governmental organizations in time of uncertainty, especially with reference to the external environment. The specific objectives of the survey were:

- (i) to examine the perception of the NGOs in terms of their assessment of the situation, both externally and internally;
- (ii) to understand the key dimensions of decision-making, particularly the source of information and the influences of various stakeholder groups;
- (iii) to analyse the patterns of change management (response patterns) of the NGOs in coping with different issues such as the primary organizational needs, priority in service development, priority in management development and their strategic direction in the future;
- (iv) to examine the internal control mechanisms adopted in monitoring future plans.

B. CHARACTERISTICS OF THE RESPONDENTS

Before discussing the relationship between the organizational attributes and the variations of strategic planning and management, it is worth mentioning the characteristics and features of the respondents. One hundred and eight-three questionnaires were sent to all the member agencies of the Hong Kong Council of Social Service. 62 completed questionnaires were returned. The return rate, therefore, was 33.9 per cent. The service types, service nature, staff numbers, religious background, and levels of subvention are listed as follows:

1. Service Type

As revealed in table 10.1, both single-service and multi-service were included in this study. The group with the highest percentage was the multi-service organization (32.3%), that is, the agencies which provided more than seven or more types of services. Such a number was an indication of the degree of complexity.

Table 10.1 Service types of Respondents

Service Types	Frequency	Percentage
one	11	17.7
two	10	16.1
three	8	12.9
four	5	8.1
five	5	8.1
six	1	1.6
seven or more	20	32.2
missing	2	3.2
Total	62	100.0

2. Service Nature

In order to have a more comprehensive view of all the welfare services in the current situation, all types of service nature were included in the study. The percentage of multi-service organizations was the highest among all the groups, that is 37.1 per cent. The family and child care services, rehabilitation service and youth services were fairly represented. The least represented types of services were the community development service, service for elderly people and services for offenders.

Table 10.2 Service nature of Respondents

Service Nature	Frequency	Percentage
community development	1	1.6
family and child care	8	12.9
rehabilitation service	12	19.4
service for elderly people	3	4.8
service for offenders	1	1.6
youth service	7	11.3
multi-service	23	37.1
other target groups	6	9.7
supportive service	1	1.6
Total	62	100.0

3. Staff Number (Organization size)

From table 10.3, it is observed that over 50% (54.8%) of the respondents were small organizations (with staff less than 100). The percentage of medium-size organizations (with staff between 100 to 250) and large organizations (with staff over 250) were both 22.6%.

Table 10.3 Organization size of Respondents

Staff number (Organization Size)	Frequency	Percentage
below 100 (small)	34	54.8
100-250 (medium)	14	22.6
above 250 (large)	14	22.6
Total	62	100.0

4. Religious background

From table 10.4, the distribution between religious and non-religious voluntary organizations was very similar (that is, 43.5% and 56.5% respectively).

Table 10.4 Religious background of Respondents

Religious background	Frequency	Percentage
no religious background	35	56.5
Christian/ Catholic	27	43.5
Total	62	100.0

5. Subvention

Table 10.5 indicated that the majority of the respondents in this study were heavily subvented by government. About one-fifth (21.1 %) of the respondents were not subsidized by government funding. These figures would be used as an indication of the financial autonomy and independence of respective non-governmental organizations.

Table 10.5 Levels of subvention of Respondents

Levels of subvention	Frequency	Percentage
not subvented	13	21.0
less than 50%	11	17.7
over 50%	38	61.3
Total	62	100.0

C. ASSESSMENT OF THE SITUATION

1. Foci in assessing the external environment of NGOs

Table 10.6 Foci in assessing external environment

Foci in assessing external environment	Frequency	Percentage
a. government policy	40	64.5
b. social issues	38	61.3
c. fund-raising	36	58.1
d. changing demographic structure of clientele	33	53.2
e. political environment	18	29.0
f. competition among voluntary organizations	11	17.7

(the frequency is in descending order)

In table 10.6, the majority of non-governmental organizations indicated that changes in governmental policy (64.5 %) was their major concern in assessing the external environment. The next priority was the evolving social issues that relate to their mission and objectives (61.3%). Two other foci which were also ranked comparatively high in this study were revenue generation and fund-raising issues (58.1 %) and the changing demographic structure of their target clients or users (such as population growth, severity of problems handled) (53.2%).

It is interesting to note that the percentage of respondents expressing changes in the political environment as their major concern was only 29.0%. Competition among non-governmental organizations was the lowest, that is, only 17.7%.

2. Major Opportunities as perceived by NGOs

Table 10.7 Major opportunities as perceived by NGOs

Major opportunities as perceived by NGOs	Frequency	Percentage
a. large pool of clients	37	59.7
b. potential chance for fund-raising	25	40.3
c. good public relations	24	38.7
d. compatibility with interest of government or funders	21	33.9
e. value of employees to organizations	13	21.0
f. value of volunteers to organizations	12	19.4
g. others	7	11.3

(the frequency is in descending order)

In examining the major opportunities as perceived by the NGOs, about 60% (59.7%) of the respondents expressed the opinion that a large pool of clients or users was the highest item. In addition, the potential opportunity for revenue generation and good public relations were also ranked fairly high in revealing their perception on the opportunities that face the organizations.

3. Major threats/ constraints

Table 10.8 Major threats/ constraints as perceived by NGOs

Major threats/ constraints as perceived	Frequency	Percentage
a. potential for negative changes on funding	44	71.0
b. potential adverse reaction from clients	36	58.1
c. potential negative impacts on staff personnel	29	46.8
d. potential for incompatibility with interest of government or funders	27	43.5
e. potential adverse public relations	22	35.5
g. others	2	3.2

(the frequency is in descending order)

As shown in table 10.8, when considering the major threats or constraints encountered by the NGOs, over 70% of the respondents depicted the potential for negative changes in their revenues or fund-raising was their main threat. The second highest threat as perceived was the potential adverse reactions from clients or users (58.1%). The potential for incompatibility with the interest of government or funders and potential for negative impacts on staff personnel were also high (43.5% and 46.8% respectively).

Two respondents revealed that the increasing competition among NGOs and the exodus of English speaking funders after 1997 were also perceived as their main threats and constraints.

4. Internal strengths as perceived by NGOs

Table 10.9

Internal strengths as perceived by NGOs

Internal strengths as perceived	Frequency	Percentage
a. programme and programme development	43	60.4
b. reputation and image in the media and community	31	50.0
c. professional staff	29	46.8
d. management system	26	41.9
e. ability to generate revenue and raise funds	24	38.7
f. volunteers	17	27.4
g. physical facilities	16	25.8
h. others	4	6.5

(the frequency is in descending order)

About 70 per cent of the respondents expressed their programme and programme development as their major internal strengths. 50 per cent of the respondents saw their reputation in the media and community as a positive element. However, it is interesting to note that only 38.7 per cent of the respondents saw that they had the ability to generate revenues or raise funds.

Four respondents expressed the opinion that organization culture, the contribution from board members, the uniqueness of their service delivery and the vision and mission of their indigenous leaders and staff were their internal strengths.

5. Internal weaknesses as perceived by NGOs

Table 10.10 Internal weaknesses as perceived by NGOs

Internal weaknesses as perceived	Frequency	Percentage
a. professional staff	32	51.6
b. programme and programme development	30	48.4
c. management system	29	46.8
d. ability to generate revenue and raise funds	28	45.2
e. physical facilities	25	40.3
f. reputation and image in the media and community	20	32.3
g. volunteers	8	12.9
h. others	3	4.8

(the frequency is in descending order)

In examining the perceived internal weaknesses of the respondents, over half (51.6%) depicted their professional staff as ranked the highest among their internal weaknesses. That this situation happened might be due to the migration of experienced workers in the agencies. As indicated in table 10.9, programme and programme development was ranked the highest in the assessment of internal strengths. However, it is interesting to observe that this item was ranked fairly high in the assessment of internal weaknesses as shown in table 10.10.

Some respondents revealed the fact that the mobility of their clients was perceived as their principal internal weakness.

6. Strategic issues that NGOs have to deal with during the years 1993-1995

Table 10.11 Strategic issues during 1993-1995

Strategic issues during 1993-1995	Frequency	Percentage
a. generating source of funding	47	75.8
b. opportunity to initiate new programmes	46	74.2
c. accountability and evaluation of service effectiveness	45	72.6
d. restructuring of organization or services	34	54.8
e. changes in government policy that affect the service provision of organizations	30	48.4
f. link with counterparts in Mainland China	22	35.5
g. participation of users in planning	21	33.9
h. others	1	1.6

(frequency is in descending order)

In studying the strategic issues encountered by the NGOs, table 10.11 showed that there were three main strategic issues as expressed by the respondents:

- generating sources of funds (75.8%);
- opportunities to initiate new programmes (74.2%);
- accountability and evaluation of service effectiveness (72.6%).

About one-third (35.5%) of the respondents saw the link with the counterparts in Mainland China as their strategic issue in the past three years. One respondent wrote that development of corporate culture and mission statement was their strategic issue from 1993 to 1995.

D. DECISION-MAKING IN THE STRATEGIC PLANNING PROCESS

1. The most important source of information

Table 10.12 Source of information

Source of information	Frequency	Percentage
board of directors	16	25.8
executive director	23	37.1
special studies and reports	8	12.9
information provided by third parties (for example, HKCSS)	11	17.7
outside consultant	1	1.6
others (more than one source)	3	4.8
Total	62	100.0

Concerning the source of information in making decisions with reference to the previous issues as mentioned in section 2 of this chapter, table 10.12 indicated that the executive directors and the board of directors (executive committee members) were the most important sources of information (37.1% and 25.8% respectively). It is worth mentioning that only 12.9% of respondents would rely on special studies or reports in collecting information for decision-making. Outside consultant was rarely involved as source of information in making decisions.

2. Stakeholder groups which have greatest overall influences on strategic directions

Table 10.13 Influences of stakeholder groups

Stakeholder groups which have greatest influence	Frequency	Percentage
government/ funder	6	9.7
board of directors	31	50.0
clients/ users	2	3.2
employees	1	1.6
senior executives (Director, Unit Supervisors)	20	32.3
others (more than one source)	2	3.2
Total	62	100.0

From table 10.13, it is apparent that the board of directors had the greatest influences on the overall strategic direction of the organizations (50%). Senior executives were also powerful in the decisions concerning the strategic direction. However, it was also observed that the influence of clients/ users and staff members had very limited influences in deciding the future development of the agencies.

E. PATTERNS OF CHANGE MANAGEMENT

1. Current Direction of the Non-governmental Organizations

Table 10.14 Current direction of NGOs

Current direction of NGOs	Frequency	Percentage
Domain Enlargement mode (expanding new activities, service and market)	28	45.2
Domain Enhancement mode (improving competitive position within current operation)	9	14.5
Domain Restructuring mode (refocusing and restructuring current service provision)	24	38.7
Domain Reduction mode (deleting certain activities, services and markets from current operation)	1	1.6
Total	62	100.0

In examining the current direction of the voluntary organizations, most of the respondents (45.2%) expressed the opinion that the Domain Enlargement mode (that is, expanding into new activities) would be their direction. 38.7 per cent of the respondents revealed they would adopt the Domain Restructuring mode (that is, refocusing and restructuring current service provision) as their direction. Although competition was mentioned as one of the strategic issues, only 14.5 per cent of respondents said that they would adopt the Domain Enhancement mode (that is, improving their competitive position within the current operation). Only one respondent (1.6%) said they would adopt the Domain Reduction mode (that is, deleting certain activities or services from their current operation) as their future direction.

2. **Primary organizational needs which NGOs are trying to fulfil at the present time**

Table 10.15 Primary organizational needs

Primary organizational needs	Frequency	Percentage
a. improving service quality	42	67.7
b. service expansion	27	43.5
c. consolidating the current level of service	21	33.9
d. management development	21	33.9
e. survival	11	17.7
f. others	1	1.6

(the frequency is in descending order)

The respondents were requested to choose no more than two items which best represented the primary organizational needs at the present time. The results were then summarized in table 10.15. It is observed that most respondents would improve their service quality as their primary organizational need. Service expansion was also indicated as one of their needs as well. One respondent expressed the opinion that the survival of non-subsided community development projects was their prime concern.

3. Priorities in service development

Table 10.16 Priorities in service development

Priorities in service development	Frequency	Percentage
a. service quality	40	64.5
b. consolidation	23	37.1
c. expansion of new markets (service recipients)	19	30.6
d. service evaluation	18	29.0
e. diversification of services	8	12.9
f. collaboration with counterparts in Mainland China	8	12.9
g. differentiation of service provision	1	1.6
h. missing	7	11.3

(frequency is in descending order)

Similar to primary organizational needs, the respondents were also requested to indicate two items among the choices in terms of their priorities of services development.

Service quality was ranked the highest among all the categories for service development. The second highest priority was consolidation of services provision. The third highest priority was the expansion of new markets or service recipients. 12.9 per cent of the respondents showed collaboration with counterparts in Mainland China as their priorities in service development.

However, it is quite curious that only one respondent made the point that service differentiation would be adopted as the priority in service development. This might be due to the fact that the current service delivery system was very much regulated by government policy. There was only limited room for service differentiation. Another possible explanation might be due to the lack of an entrepreneurial spirit.

4. Priorities of management development

Table 10.17 Priorities in management development

Priorities in management development	Frequency	Percentage
a. fund-raising and resource generation	27	43.5
b. service quality	24	38.7
c. staff training and development	20	32.3
d. re-designing the management structure	15	24.2
e. reviewing and re-establishing the management philosophy	14	22.6
f. diversification of market	6	9.7
g. creation of new posts (for example, development officer)	3	4.8
h. collaboration with counterparts in Mainland China	2	3.2
i. research and development	2	3.2
j. missing	11	17.8

(the frequency is in descending order)

Table 10.17 shows the priorities of management development as revealed by the respondents. Fund-raising was ranked as the highest priority among all the categories. Quality improvement was given as the second while staff training was ordered as the third highest in the priority in management development.

5. Strategic direction in the future

Table 10.18 Future strategic direction

Future strategic direction	Frequency	Percentage
a. improving competitive position with current activities, services and markets	28	45.2
b. implementing new activities, new services, and/ or new markets	23	37.1
c. designing self-financing services for more resources	7	11.3
d. deleting certain activities, services or markets from the current operation	1	1.6
e. developing closer links with counterparts in Mainland China	1	1.6
f. others	2	3.2
Total	62	100.0

(the frequency is in descending order)

From table 10.18, it is indicated that 45.2 per cent of the respondents would adopt improving their competitive position as their future strategic direction while 37.1 per cent of the respondents saw implementing new types of activities, or producing new services and/or competing for new markets as their strategic direction.

Two respondents expressed the opinion that raising funds for supporting or continuing existed projects would be their direction in the future.

6. Criteria used in screening alternative strategies

Table 10.19 Criteria used in screening alternative strategies

Criteria used in screening alternative strategies	Frequency	Percentage
a. mission and objectives of organization	23	37.1
b. acceptability of board of directors	15	24.2
c. impacts on clients or users	13	21.0
d. potential for revenue generation	6	9.7
e. degree of compatibility with existing programmes	2	3.2
f. acceptability of staff	1	1.6
g. acceptability to the major donors	1	1.6
h. others	1	1.6
Total	62	100.0

(the frequency is in descending order)

Table 10.19 shows the criteria used in screening alternative strategies. 37.1 per cent of the respondents said that they would use the mission statement and objectives of the organization as the criteria to screen the alternatives. About one-quarter (24,2%) of the organizations would follow the opinion and comments of their board of directors. About one-fifth (21.0%) of respondents would focus on the possible impacts on clients and users as the criterion. However, the acceptability of staff members was very low as found in this survey.

7. Monitoring system in implementation of future plan

Table 10.20

Monitoring system in the implementation of future plans

Monitoring system	Frequency	Percentage
a. service supervisors develop own timetables and provide periodic progress reports to the management and the board of directors	24	38.7
b. a system of reporting and tracking along with a timetable is established for each strategic objective	21	33.9
c. no explicit effort made	7	11.3
d. a budget consistent with the plan is adopted and monitored	6	9.7
e. others	1	1.6
f. missing	3	4.8
Total	62	100.0

(the frequency is in descending order)

As indicated in table 10.20, most of the organizations did not have any comprehensive mechanism for monitoring the implementation of future plans. 38.7 per cent of the respondents expressed the view that service supervisors or co-ordinators would develop their timetables and provide periodic progress reports to management and boards of directors. 33.9 per cent of the respondents had a system of reporting and tracking along a timetable for each strategic objective. 11.3 per cent of the respondents revealed they have no explicit efforts in monitoring and tracking the implementation of their future plans.

F. COMPARISON OF DIFFERENT ORGANIZATIONAL ATTRIBUTES WITH VARIATIONS IN STRATEGIC PLANNING AND MANAGEMENT

To analyse the categorical variables in the study, Chi square statistics was used to examine the relationship among these attributes. The Pearson Chi square values and level of significance will be discussed. Relationships between the levels of subvention, religious background, service types and variations in strategic planning and management which were found statistically significant are as follows:

- levels of subvention and variations of strategic planning;
- religious background and variations of strategic planning;
- number of service types and variations of strategic planning; and
- organization size (staff numbers) and variations of strategic planning.

1. Relationship between levels of subvention and variations of strategic planning and management

In this study, the levels of subvention were divided into three main categories, namely not subvented by government; partially subvented by government (less than 50% of total revenues) and heavily subvented by government (over 50% of total revenue comes from government). Levels of subvention were considered as the resource dimension and would be an important indication of autonomy and independence of the NGOs, both in terms of financial arrangements and decisions about future development. In analysing the data collected from the questionnaires, it was found that the levels of subvention affected relationships with the strategic direction of the NGOs in the future. Table 10.21 shows that voluntary organizations which were heavily subvented from government would have a higher

tendency both to improve their competitive position (55.3%) and to implement new types of services and new markets (36.8%). For those organizations which were partially subvented by government funding, there was a slightly higher tendency to adopt the strategy of improving their competitive position (36.4%). However, they had a higher tendency in designing self-financing services for obtaining more resources (27.3%). The explanation would be quite apparent, that is, these agencies were required to explore every possible fund generating project which would enable the agencies to exist. Concerning the non-subvented organizations, their major concern would be in implementing new types of services or new client groups (markets). Again, the possible explanation might be due to the fact that these non-government subvented agencies had their own funding sources, such as overseas funding bodies or churches. Normally, these funding sources would aim at sponsoring new and pilot projects. Henceforth, finding new service ideas or exploring the needs of new client groups would become more important among non-subvented agencies. In table 10.21, the comparison between the levels of subvention and variations of strategic direction is illustrated. (The Pearson Chi square = 19.31 , DF = 10, $p < .05$)

Table 10.21

Comparison between levels of subvention and strategic direction

	not subvented	less than 50%	over 50%
a. implementing new service	6 (46.2%)	3 (27.3%)	14 (36.8%)
b. improving competitive position	3 (23.1%)	4 (36.4%)	21 (55.3%)
c. deleting certain activities, service or market	1 (7.7%)	0 (0%)	0 (0%)
d. designing self-financing service for more resources	3 (27.3%)	3 (27.3%)	1 (2.6%)
e. developing closer links with counterparts in China	0 (0%)	1 (9.1%)	0 (0%)
f. others	0 (0%)	0 (0%)	2 (5.3%)
Total	13	11	38

2. Comparison of religious background and variations in strategic planning and management

The second organizational attribute in this study was the religious background of the NGOs. Three categories of religious background were created in the analysis, namely, no religion; Christian or Catholic and other religions. However, there was no reply from voluntary organizations with other religious background such as buddhist or taoist agencies. Thus, only two groups were included in the analysis. Among various dimensions of strategic planning and management, it was observed that religious background would have a relationship with the current direction of certain agencies and the criteria used in screening alternative strategies.

From table 10.22, it is revealed that agencies without a religious background would have a higher frequency to adopt the Domain Enlargement mode of strategy (65.7%) while Christian or Catholic agencies had a higher frequency in adopting the Domain Restructuring mode of strategy (66.7%). One of the possible explanations is that Christian or Catholic organizations in Hong Kong are rather formalized and complicated in terms of their administrative systems and working relationships. However, for non-religious organizations, they would have a higher flexibility and autonomy in their administrative systems. Secondly, religious goals and objectives might be as equally important as service goals among religious agencies, while non-religious agencies would readily concentrate their focus in service expansion and development. (Pearson Chi square = 18.85 DF= 3 p < .0005)

Table 10.22

Comparison between religious background and current direction

	No religion	Christian/ Catholic
a. expanding	23 (65.7%)	5 (18.5%)
b. improving competitive position	6 (17.1%)	3 (17.1%)
c. restructuring	6 (17.1%)	18 (66.7%)
d. deleting	0 (0%)	1 (3.7%)

Table 10.23

Comparison between religious background and the criteria used in screening alternative strategies

	No religion	Christian/ Catholic
a. acceptability of staff	0 (0%)	1 (3.7%)
b. acceptability of the board of directors	4 (11.4%)	11 (40.7%)
c. acceptability of major donors	0 (0%)	1 (3.7%)
d. mission and objectives of the organization	17 (48.6%)	6 (22.2%)
e. impact on clients and users	7 (20.0%)	6 (22.2%)
f. compatibility with existing programmes and activities	2 (5.7%)	0 (0%)
g. potential for revenue generation	4 (11.4%)	2 (7.4%)
h. others	1 (2.9%)	0 (0%)

Chi-Square Likelihood Ratio = 15.53

DF = 7

p < .05

In table 10.23, it is shown that agencies without a religious background have a higher frequency of using their mission statement or the objectives of the agencies as the criteria in screening the alternative strategies while Christian or Catholic agencies have a higher frequency in using the acceptability of the board of directors as the criteria in screening alternative strategies. The possible explanation for this observation might be due to the organizational culture of religious organizations that some or most of the board of directors are priests or pastors and that they generally devote more time and energy in the operation of the organizations. Another possible explanation might be due to that fact that they have greater power and control over the decision-making process of the agencies.

3. Comparison of number of service types and attributes of strategic planning and management

In this study, the number of service types was considered as an indication of the degree of complexity of the organization structure. Seven categories were created ranging from one to seven or more types of services. The greater the number of service types, the higher the degree of complexity of the organizations. It was found that the number of service types would have relationships with the nature of the monitoring system adopted in the implementation of future plans. It was found that agencies which operated seven or more types of services have a higher frequency to require service supervisors or co-ordinators to develop their timetables and provide periodic progress reports to management and the board of directors (45.0%); or to establish a system of reporting and tracking along with a timetable for each strategic objective (50.0%).

(Pearson Chi square = 75.38 DF = 35 p < .00005)

Table 10.24

Comparison between number of service types and mechanism
in implementing future plans

	budget	timetable	no explicit effort	reporting and tracking system	others	missing
one	2	5	1	3	0	0
two	1	4	2	2	1	0
three	0	3	3	2	0	0
four	2	1	0	2	0	0
five	1	2	0	2	0	0
six	0	0	1	0	0	0
seven or more	0	9	0	10	0	0
missing	0	0	0	0	0	2

4. Comparison between staff number and variations in strategic planning and management

Staff numbers was considered as an indication of the organization size. Three categories were created in this study, namely, small organization (with staff numbers less than 100); medium organizations (with staff number between 100 to 250) and large organizations (with staff numbers greater than 250). However, in this study, no significant relationship was found between the organization size and the variations of strategic planning and management.

G. SUMMARY

In this chapter, it has been shown that the government policy on social welfare development, emerging social issues and funding resources are the most prominent issues affecting the NGOs in Hong Kong. As revealed in the survey findings, most NGOs expressed the opinion that a large pool of clients, the potential chances for fund-raising and good public relations were their opportunities while they perceived that potential difficulties in funding arrangements and adverse reactions from clients were their major threats. Concerning the internal strengths and weaknesses as perceived by the NGOs, most of them saw their programmes, their reputation in the media and the community were their strengths. However, they also encountered problems in their professional staff, programme development and management systems. From the years 1993 to 1995, many of the agencies regarded the following issues as their strategic issues, namely, generating sources of funding; finding opportunities to initiate new programmes; and determining accountability and the evaluation of service effectiveness.

Regarding the choice of strategies and variations in strategic planning and management with respect to the organizational attributes, this chapter has also discussed some attributes (such as levels of subvention, religious background and number of services types) which were found statistically significant. In short, voluntary organizations which were heavily subvented by government funding would have a higher tendency to improve their competitive position as well as implementing new types of services. For those agencies which were partially subvented (less than 50 per cent of their total revenue), they would have a higher tendency to improve their competitive position as well as designing self-financing services for generating more resources.

Religious background was found to have a greater impact on the planning and management system of voluntary organizations. It has been mentioned that agencies without a religious background would have a higher tendency to adopt the Domain Enlargement mode of strategy while Christian and Catholic organizations would adopt a Domain Restructuring mode of strategy. Regarding the criteria used in screening the alternative strategies, agencies without a religious background used their mission statement and service objectives as the screening criteria while the religious organizations would rely on the opinion and comments of the board of directors.

The degree of complexity, which was measured in terms of the number of service types, was also found to have a relationship with the monitoring system of the future plans in the agency. The discussion has shown that agencies which offered seven or more services (multi-service organizations) would have a higher tendency to require service supervisors or coordinators to develop their timetables and provide periodic progress reports to management and the board of directors; or to establish a system of reporting and tracking along with a timetable for each strategic objective.

An analysis was also made to examine the relationship between organization size and strategic planning and management. However, from this study, no significant difference was found among large, medium and small organizations.

CHAPTER ELEVEN

SUMMARY AND CONCLUSION

A. INTRODUCTION

In Chapter Seven, it was stated that this study aims at answering the following research questions:

a) What are the prominent issues affecting the non-governmental organizations in Hong Kong?

b) What are the responses of the non-governmental organizations in facing these issues? Do these agencies have any strategies or strategic planning mechanisms in coping with the environmental changes?

c) What are the factors affecting the choice of strategies and the decision-making process of these organizations?

The main objective of this is to re-visit these questions and to answer them.

B. WHAT NEEDS TO BE DONE? AND WHAT CAN WE DO? - CORE STRATEGIC ISSUES

The first research question attempts to examine the influences of the external environment and the internal environment on the agencies. In this study, ten identified core

issues are considered as essential. These issues include the increasing demand on accountability and professionalization, competition among agencies, manpower and training the needs of social workers, decline of financial resources, the Boards of Directors' influences, the responsiveness of the organizations, the changes of government policy, importance of political affiliation, and the problem of survival. Of course, not every agency has the same problems in facing these issues. Some of them are more favourable than others. In fact, large organizations would perceive that competition and the importance of political affiliation are their concerns. The medium size and the small organizations would consider that the decline of financial resources and changes of government policy are the prominent issues.

C. WHAT WE WANT TO DO? - ANALYSIS OF THE MISSION STATEMENT

In answering the question of what the non-governmental organizations want to do in order to cope with the changes and the uncertainties, the best way is to examine the mission statements or the objectives of these organizations. A content analysis has been conducted in studying the mission statements. However, it was found that only two organizations in the sample had a mission statement, while the rest just had the service objectives. In analysing the service objectives, ten categories were created. It was also discussed in chapter seven that most of the agencies will only focus on the maintenance function, that is, service provision to a specific group or groups of clients and religious beliefs. The other domains, such as research activities and cooperation with other organizations, are less emphasised. It is thus opined that the current objectives can hardly provide direction for the staff in facing future changes.

D. WHAT WE DECIDE TO DO? WHAT WE HAVE DONE? - PATTERNS OF SERVICE AND MANAGEMENT DEVELOPMENT

In examining the service development and the management development of the agencies, two conceptual frameworks are created in chapter seven. In figure 8.3 on page 161, the patterns of services development are categorised into four domains, namely, existing market and existing service; existing market and new service; new market and existing service and lastly, new market and new service. It is found that those strategies with the nature of focusing existing market and service will upgrade the service quality or differentiate the roles into provider and pioneering roles. Some agencies are rather passive and just follow the existing policy. For the strategies with the nature of developing new service while still focusing the existing market, the strategies will be mainly developing themes for the services or expanding the scope. For those strategies with have the nature of expanding new market, but keeping existing service, the focus will be diversifying the client groups or having political affiliation with counterparts in Mainland China. All these strategies would provide a certain sense of certainties and continuity. The last category is thesis strategies aimed at developing new markets and new services. These strategies are considered as pro-active and assertive. Diversification of service scope and developing a fee-charging service are some of the examples.

Concerning the Management Development patterns, another conceptual framework is also created as in figure 8.5 on page 179. This framework attempts to classify the development of the management system into four major areas, namely, boundary-spanning, directing, human relations and co-ordinating dimensions. The boundary-spanning dimension

includes those activities such as entrepreneurial approach in the management practice, joint ventures, and political alliance. These activities enable the organizations generate new resources, both financial and in terms of power and influence. The directing dimension refers to those strategies which modify the management philosophy inside the organization. Human relations are considered as important asset in social service organizations. Some agencies make efforts in providing training and staff development opportunities to their staff members. The final dimension in the framework is the co-ordinating dimension which includes structural changes and organizational redesign, implementing quality management, and professionalization of service standards.

E. EXPERIENCE OF STRATEGIC PLANNING

In this study, only four agencies have been identified as implementing strategic planning. However, an in-depth analysis reveals that although the process in the planning is similar, the contents and the strategies formulated are different. A framework of four modes of strategic planning is thus constructed as in figure 9.1 in Chapter 9. The four modes of strategic planning are: Domain Enlargement mode, Domain Enhancement mode, Domain Restructuring mode and lastly Domain Reduction mode. The Domain Enlargement mode is aimed at diversifying and is externally focused. The case of Hong Kong Christian Service is adopted as the case illustration. It appears that this agency is eager to expand its service scope and to gain greater financial independence. The Domain Enhancement mode will focus at improving the competitive advantage through quality improvement initiatives. The Grantham Hospital is chosen as the illustration in this mode. It is observed that the organization is making efforts in enhancing the service quality through CQI activities. The third mode of strategic planning is called the Domain Restructuring mode which aims at

restructuring the existing service delivery in order to find the niche for development. Re-segmentation and setting priorities are the major activities in this mode of responses. The last mode in the framework is the Domain Reduction mode which has the features of deleting some of the current activities in order to revitalize the organization.

F. REMARKS OF CRITICAL SUCCESS FACTORS OF NON-GOVERNMENTAL ORGANIZATIONS

1. Leadership and Entrepreneurship

It has been generally observed that those organizations which have greater success may be due to the fact that the qualities of the leaders are the essential components. From this study, the following qualities are found:

- i. strong dedication to the organization and the service;
- ii. risk-taking;
- iii. mastering of resources mobilization techniques;
- iv. high involvement in public service, including in Hong Kong Council of Social Service;
- v. strong political affiliation with the funder and resource providers;
- vi. a proactive outlook of the service in the future.

2. Strong Religious or Parent Organization Background

Those organizations with strong Church backgrounds or with a long history of service tend to enjoy greater privileges, specifically, they have a greater advantage of owning and

redesigning the uses of land. Organizations like the Tung Wah Group of Hospitals, the Diocesan Welfare Council, and Young Men's Christian Association are examples enjoy the advantage of 'land as a strategic resource' for their funding independence.

3. Strong Board Members Support

Those organizations with support from their Executive Board Members, either financially or politically, are bound to have greater competitive advantages. The case of the Boys' Scout Association, the Boys' and Girls' Clubs Association of Hong Kong, and the YMCA are examples for 'financial support' while the case of the Society of the Aged is a good illustration for 'political support'.

4. Managerial Excellence

For those organizations that do not enjoy the inherent advantages from the long history nor the presence of strong Board Members are still found to successful due to the following factors:

- (i) innovation in fund-raising skills;
- (ii) re-designing of organization structure, for example, the establishment of the post of 'Development Officer';
- (iii) a strong and cohesive organization culture, that helps to strengthen staff commitment; and
- (iv) increasing competitiveness through professionalization

5. Service Concentration and Monopoly

Some organizations are enjoying the advantages of service monopoly or the uniqueness of their service nature, for example, the Hong Kong Red Cross and the Hong Kong Society for the Rehabilitation of Offenders.

6. Relationship with counterparts in Mainland China

Some organizations are having their link with the Ministry of Civil Affairs or other corresponding counterparts in Mainland China. Such links also help their bargaining power as well as their ability to obtain donations from the private sector.

In sum, this study echoes with the theoretical perspectives of Contingency Theory and the Resource Dependency Model as discussed in Chapter 4 of this thesis. First, it is evident that the patterns of response of NGOs are contingent upon their task environment and the contingent variables, such as the goals and values system and the leadership are influential factors affecting the choice of strategies. Second, the Resource Dependency Model also provides the explanation that the NGOs have shown great continuity in their overall reliance on particular funding streams, although they differ in their efforts and ability to control them (Hasenfeld, 1992, p.78)

G. LIMITATIONS OF STUDY

1. Questions about 'ownership'

One problem existed when interviewing the chief executives of voluntary organizations regarding their personal views on political development of Hong Kong. It was observed that the responses were generally positive. However, it is opined that the personal plan of the chief executives might not be the same as the plan of the agencies. For instance, one chief executive may be preparing to leave Hong Kong before the year 1997 because of political uncertainty, yet he could still see the situation as positive as the organization would continue to exist. The only major threat is the change of top leadership. Unlike his counterparts in the business sector, the risk factors are more obvious as the ownership of the business is strong, including long-term and short-term investment.

2. Moderate response rate of the questionnaire survey

One hundred and eighty-three questionnaires were distributed ,however, only sixty-two were returned. The response rate was about thirty per cent, although follow-up phone calls were made. Reply slips for sending the abstract of the study were also included. This possibility showed some voluntary organizations were hesitated to indicate their views, or they might have little awareness of the issues. As in this case, non-response is a kind of 'response'.

3. Limited literature on strategic planning and management in non-profit sector

Problems also encountered at the early stage of formulating conceptual framework in this study. Since there are limited references in the non-profit sectors, concepts from business

management were borrowed. However, some of the concepts were found irrelevant to the public organizations such as absence of clear market mechanism. For example, Porter's framework for market-oriented strategies may not be appropriate since the 'market' structure has already been regulated by government and its social welfare policies.

The Final Word

As Hong Kong will be returned to China in less than 500 days, as the 'last colony' in the decade, many changes are witnessed. There is a Chinese saying, " Nothing is constant, only an occurrence is constant."

Last, but not least, Hong Kong is facing great changes during the present time, it is hoped that this study provides some ideas and stimulation to social service administrators.

GLOSSARY

HKCSS

Hong Kong Council of Social Service

NGO

Non-governmental Organization

SWOT Analysis

Strength-Weakness-Opportunity-Threat Analysis

Appendix 1

January 3, 1996

Dear Sir/Madam,

**Re : A Study of Change Management of
Non-governmental Organizations in Hong Kong**

In recent years, the non-governmental organizations (NGOs) in Hong Kong are facing tremendous challenges and demand from both the external environment and internal administrative mechanism. In order to have a deeper understanding about the situation, I am asking your kindest support in completing the enclosed questionnaire regarding the approaches of change management strategies in your esteemed organization.

The objectives of this survey are :

- (i) to understand the prominent issues affecting the non-governmental organizations in Hong Kong in the 1990s;
- (ii) to explore the approaches the NGOs have adopted in responding to the various issues they have encountered.

Please complete and return the questionnaire in the enclosed self-addressed and stamped envelope by **January 19, 1996**. Please do not write your name, nor the name of the organization in order to ensure confidentiality. Furthermore, the questionnaires collected will also be destroyed afterward.

I have also enclosed a separate return slip. Please fax the attached slip to the undersigned at 2773 6558 (Departmental Fax No.) if you would to have a copy of abstract of the research report after completion.

Once again, thank you very much for your support and co-operation.

Best wishes for the new year

Your faithfully,

CHAN Kam Tong

**A STUDY OF CHANGE MANAGEMENT OF
NON-GOVERNMENTAL ORGANIZATIONS IN HONG KONG**

THE QUESTIONNAIRE

PART I :

A. Assessment of the situation

1. When assessing external factors, your organization focus on.....

- | | | |
|----|--------------------------|--|
| a) | <input type="checkbox"/> | revenue generation and fund-raising issues and trends |
| b) | <input type="checkbox"/> | evolving social issues that relate to the mission of the organization |
| c) | <input type="checkbox"/> | changes of government policy on social welfare |
| d) | <input type="checkbox"/> | changes of political environment and political agenda that may impact the organization |
| e) | <input type="checkbox"/> | changing demographic of its target clients/users (e.g. population growth; severity of problems handled; areas of geographic concentration, etc.) |
| f) | <input type="checkbox"/> | changes in competition among non-governmental organizations |

2. Please indicate the following criteria which your organization may use to screen the major opportunities that face the organization.

- | | | |
|----|--------------------------|---|
| a) | <input type="checkbox"/> | large pool of clients and users |
| b) | <input type="checkbox"/> | potential positive chance on revenue and fund raising |
| c) | <input type="checkbox"/> | fit with interest of government or funder |
| d) | <input type="checkbox"/> | value to employees of the organization |
| e) | <input type="checkbox"/> | value to volunteers of the organization |
| f) | <input type="checkbox"/> | good public relations (e.g. with local community or overseas organizations) |
| g) | <input type="checkbox"/> | others (please specify) : _____ |

3. Please indicate the following criteria which your organization may use to screen the major threats / constraints.

- a) potential for negative change on revenue or fund-raising
- b) potential adverse reactions from clients
- c) potential for unfit with interest of government or funder
- d) potential for negative impact on line/staff personnel
- e) potential for negative reaction from volunteers
- f) potential adverse public relations (e.g. with local media or overseas organizations)
- g) others (please specify) : _____

4. In assessing its internal strength, your organization generally focuses on its.....

- a) program and program development
- b) ability to generate revenue and raise funds
- c) professional staff
- d) volunteers
- e) physical facilities
- f) reputation and image in the media and community
- g) management system
- h) others (please specify) : _____

5. In assessing its internal weakness, your organization generally focuses on its.....

- a) program and program development
- b) ability to generate revenues and raise funds
- c) professional staff
- d) volunteers
- e) physical facilities
- f) reputation and image in the media and media
- g) management system
- h) others (please specify) : _____

6. Which of the following **strategic issues** has your organization dealt with during the last three years (93-95)? (Please indicate by a "tick" (✓) as many as is appropriate)

- a) generating source of funds
- b) opportunities to initiate a new, innovative program
- c) major restructuring of the organization / service (both in terms of nature & type of service)
- d) accountability and evaluation of service effectiveness
- e) major changes in government policy affecting the service provision of the organization
- f) participation of clients/users in planning
- g) link with counterparts in Mainland China
- h) others (please specify) : _____

B. Decision-making

7. The following is the most important source of information concerning the relevant factors listed in the above questions. (choose one only)

- a) members of the Board of Directors/Executive Committee
- b) Director/General Secretary
- c) special studies and reports compiled by the organization's staff
- d) information provided by third-parties (e.g. Hong Kong Council of Social Services studies and reports, reports from government, etc)
- e) outside consultants

8. Which one of the following **stakeholder groups** has the greatest overall influence on the strategic decisions made in your organization at the present time?

- a) government/funder
- b) executive committee/board of directors
- c) clients/service users
- d) employees
- e) senior executives (Directors, General Secretary or Unit Supervisors etc.)

C. Patterns of Change Management

9. What level of importance would you assign to the following in regard to the current direction of your organization? (choose one only)

- a) expanding into new activities, service and/or market
- b) improving competitive position within current operation
- c) refocusing and restructuring the current service provision
- d) deleting certain activities, service and/or markets from current operations

10. Please choose no more than two of the following which best represent the primary organizational needs which your organization is trying to fulfill at the present time.

- a) survival
- b) consolidating the current level of service
- c) service expansion
- d) improving service quality
- e) management development
- f) others (please specify) : _____

11. In terms of service, which of the following you would consider to have the highest priority in your organization in the coming years? (please select no more than two)

- a) service evaluation
- b) expansion of new "market" (service recipients)
- c) service quality
- d) diversification of service
- e) differentiation of service provision
- f) consolidation
- g) collaboration with counterparts in Mainland China
- h) others (please specify) : _____

12. In terms of management system, which of the following you would consider to have the highest priority in your organization in the coming years? (please select no more than two)

- a) reviewing and re-establishing Management Philosophy
- b) redesigning the management structure
- c) creation of new post (e.g. Development Officer)
- d) fund-raising and resource generating
- e) staff training and development
- f) diversification of market
- g) service quality
- h) research and development
- i) collaboration with counterparts in Mainland China
- j) others (please specify) : _____

13. Which one of the following best describes your organization's primary **current strategic direction**? (please select only one)

- a) implementing new types of activities to be performed, producing new products (services) and/or competing in new markets
- b) improving competitive position with current activities, products (services) and markets
- c) deleting certain activities, products (services or markets from current operations
- d) designing self-financing service for more resources
- e) developing closer links with counterparts in Mainland China
- f) others (please specify) : _____

14. Please indicate which of the following **criteria** that your organization may use to screen **alternative strategies**. (please select only one)

- a) acceptability to the staff
- b) acceptability to the Board of Directors
- c) acceptability to the major donors
- d) acceptability to the mission and objectives of the organization
- e) impact on clients/users
- f) degree of fit with existing program and activities
- g) potential for revenue generation
- h) others (please specify) : _____

15. Please indicate which of the following most closely describes how implementation of the future plan is monitored in your organization (please select only one).

- a) a budget consistent with the plan is adopted and monitored. No other tracking takes place
- b) service supervisors/co-ordinators develop their own timetables and provide periodic progress reports to management and the Board of Directors
- c) there is no explicit effort made to monitor and track implementation of the plan
- d) a system of reporting and tracking along with a timetable is established for each strategic objective
- e) others (please specify) : _____

D. Others

Concerning the future development of non-governmental organizations, please indicate your opinion regarding the major scope of changes, especially after 1997.

PART II :

Please put a "tick" (✓) against the item which describes your organization.

16 Number of Different types of service your organization is providing?

- One
- Two
- Three
- Four
- Five
- Six
- Seven or above

17. Which nature of service your organization are providing?

- Community Development
- Family and Child Care
- Rehabilitation
- Elderly
- Services for Offenders
- Children and Youth
- Multi-Service
- Other Target Group (please specify) : _____
- Support Service

18. Total number of staff in your organization:

- below 100
- 100 - 250
- above 250

19. Is there any religious background about your organization

- no religious background
- a christian / catholic organisation
- other religious background (please specify) : _____

20. To what extent your organization is subvented by the government

- not subvented by government
- less than 50% of funding is subvented by government
- over 50% of funding is subvented by government

Thank you.

CODING FRAME OF THE INTERVIEWS

Case Number :

Name of Agency :

Name of Interviewee :

Post of Interviewee :

Date of Interview :

Contents of the Interview:

A. Prominent issues encountered by the Agency

B. Recent Developments of the Agency

1. Service developments

2. Management developments

C. Assessment of the situation of the Agency

1. External environment

2. Internal environment

D. Critical Success Factors (if any)

E. Comments on the Social Welfare Policy and Administration in Hong Kong

F. Organizational Goals and Mission

G. Strategic Planning and Management

H. Future Plan of Development

I. Other issues

INTERVIEW WITH THE HON. MRS. ELIZABETH WONG

(Mrs. Elizabeth Wong was formerly the Director of Social Welfare, later, the Secretary for Health and Social Welfare)

The questions covered in the interview are as follows:

1. Some people (for example, Professor Chow of University of Hong Kong) think that the administration of the welfare sector is unclear and 'confusing'. Do you agree with them? How do you evaluate the administrative system of the non-governmental organizations in Hong Kong?
2. The Social Welfare Department is now considering the implementation of 'service standards'. What do you think about the possible implications for both large and small organizations?
3. In 1973, the welfare sector started to adopt the 'Five -year plan' as the principal planning mechanism. What is the major obstacle for such a planning mechanism? What is the major difference between the 'Five-year plan' and the 'Business Plan' of the Hospital Authority?
4. Financing is always a main debate between the government and the NGOs in Hong Kong. What is your personal view regarding the previous and current funding arrangements ? What is your comment about 'privatization' and 'fee-charging'?
5. As Hong Kong is approaching 1997, what do you think about the possible development of social services in Hong Kong?

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