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Hall, M. Crafting compromises in a strategising process: a case study of an international development organisation. *Financial Accountability and Management*, forthcoming.

ABSTRACT

This paper focuses on how organizational members in non-governmental organisations (NGO) can develop credible and legitimate strategic plans and positions out of diverse and conflicting perspectives. Using empirical data drawn from a strategic planning episode in an international development NGO, the study examines the process of ‘crafting compromises’ whereby organizational members make mutual adjustments and concessions to reach consensus on new strategic plans and positions. The analysis shows that two processes facilitate crafting compromises in strategising; being adaptive and responsive to critique as strategic positions are developed, and an ability to forge relevant connections between new strategic proposals and past strategic positions.

KEYWORDS: strategising, strategy, compromise, international development, non-government organization, case study

INTRODUCTION

The potential for conflicting and contradictory missions, philosophies and rationalities is a key feature of non-government organisations (NGOs) and a core challenge in their operation and management. For example, practitioners need to negotiate and balance between social goals and economic imperatives (Jager and Bayes, 2010; Jeger and Lapsley, 2003; Parker, 2007a), or between service delivery projects and advocacy activities (Molenaers et al., 2011). This can arise because the social goals addressed by NGOs are subject to strong value-based conflicts, often derived from different conceptions of progress and development (Thomas, 1996). In this way, NGOs can be sites of contestation between competing ideologies and identities (Mowles, 2010), where juggling and balancing divergent needs is a strong feature (Myers and Sacks, 2003; Parker, 2003). What is less clear, however, is how such juggling and balancing is performed and what practices make it more or less effective. That is, how do actors in NGOs develop credible and legitimate strategic plans and positions out of diverse and often conflicting perspectives?

To study this question a single strategic episode at a large, UK-based international development NGO was examined using data collected from a variety of sources (extensive documentary evidence, an ‘on-line community’, and a formal evaluation). The analysis focuses on how the process of making mutual adjustments to reach consensus can be critical to the development of strategic plans and positions that are considered acceptable and legitimate; a process that is termed ‘crafting compromises.’ The word ‘crafting’ is used to emphasise both its processual nature (the ‘ing’) and that it is a skillful activity engaged in by organizational members. The word ‘compromise’ is used in a positive manner to reflect the process of making mutual adjustment and concessions to reach agreement, rather than its (often) pejorative meaning of expediently accepting lower standards than are desirable. The analysis indicates that two processes facilitate crafting compromises in strategising: being adaptive and responsive to feedback and critique as strategic plans are developed, and an ability to forge relevant connections between new strategic proposals and past strategic positions.

This focus on crafting compromises contributes to research examining the way

in which strategies get taken up in particular contexts with actors engaged in political contestations about how to move ahead (Mowles, 2010). It indicates that approaches seeking to implement grand plans by aligning individual interests to overall goals are unfeasible, and focuses on how plans are developed in a context where the influence of even senior managers is limited and intentions and positions need to evolve in order to garner support and agreement (Mowles, 2010). This process also highlights how a tolerance for ambiguity and disagreement appears essential for the success of strategic planning efforts in NGOs (Myers and Sacks, 2003; Harris et al., 2009). A focus on compromise as a positive force in organisations is consistent with recent research emphasizing the way in which actors can cooperate despite potentially divergent values and the potential for tensions that arise during compromise to be productive (Denis et al., 2007; Chenhall et al., 2013). The study also contributes to research on the use of business practices by NGOs, reinforcing the argument that practices like strategic planning require sensitivity to the motivations and values of actors in NGOs (Jegers and Lapsley, 2003; Lewis, 2007). A final contribution of the study is to take a closer look at the ‘black box’ of the workings of NGOs (Lewis, 2007; Bebbington et al., 2007), with a particular focus on how strategic processes take place in these organisations (Jager and Bayes, 2010; Helmig et al., 2004; McCourt and Gulrajani, 2010).

The paper begins with a review of relevant literature on developing strategies in NGOs. The third section describes the methods of the study, with the fourth section presenting the empirical findings related to a year-long strategic planning episode at an international development NGO. The final section of the paper discusses the results and provides conclusions.

DEVELOPING STRATEGIES IN NGOs

In the development of strategic positions NGOs typically have to manage diverse views and pressures from multiple stakeholders pursuing widely divergent agendas (Parker, 2008). Often there are tensions over the primacy given to social versus economic goals (Jager and Bayes, 2010; Jeger and Lapsley, 2003; Parker, 2007a). At an operational level, NGOs make choices over the extent to which they engage in different types of activities, such as service delivery, capacity building or lobbying (Molenaers et

al., 2011), and the need to balance and prioritise the interests of potentially competing stakeholders (Collier, 2008). They can deal with these potentially contradictory but co-existing pressures, for example, by balancing commercial and service orientations (Parker, 2007a). As the context for NGO strategising typically involves contested positions, it is important to examine how, if at all, these conflicts can be addressed.

Prior research indicates that consultation, ambiguity, and values identification are important in managing conflicts during the production of strategies in NGOs. For example, Harris et al. (2009) suggest that strategic ambiguity is important in developing strategic plans because it provides flexibility to adjust programmes to different issues and demands as they arise. The effective management of NGOs requires managers to improvise in uncertain, contradictory and ambiguous situations (McCourt and Gulrajani, 2010), and to recognise that the formulation of plans can be a way to demonstrate identification with and reaffirmation of core values (Denis et al., 2007). It can also include facilitating a process of conflict resolution and negotiating between interests to formulate widely acceptable goals (Thomas, 1996).

Prior research also indicates that new strategic positions do not emerge in a vacuum. In particular, the development of revised strategic positions tends to be constrained, or at least framed, by the nature and content of prior strategic proposals, and thus follows a kind of path-dependency logic (Denis et al., 2007). This suggests that prior strategic positions can play an important role in developing revised strategic positions, but, importantly, such prior positions are not deterministic as organizational members can and do play a role in shaping their development (Denis et al., 2007).

Planning in NGOs should be conducted through a process of consultation in order to foster group identity and purpose, and to build coalitions and respond to stakeholder demands (Crewe and Harrison, 1998; Fowler, 2002; Harris et al., 2009). Similarly, NGOs can require highly interactive approaches to strategising rather than mechanistic processes (Parker, 2003). In particular, strategy processes are likely to be seen as fairer where they provide employees and other stakeholders with a voice and opportunities for engagement (Lind and Tyler, 1988). But studies indicate that consultation and participation must be managed with care to ensure it does not absorb significant amounts of time and impede decision making by creating a participation-paralysis (Edwards and Fowler, 2002; Wallace et al., 1997; Denis et al., 2007). Collier

(2008), for example, found that having a large number of boards and board members can impede inter-board communication over major decisions.

Another issue facing NGOs is the often-perceived pressure to adopt practices used in the business sector (Dart, 2004). This can be evident in the use of business plans and budgets (Parker, 2008), and the use of business language, such as ‘sales’, ‘clients’ and ‘business units’ (Parker, 2007a). Although there is no conclusive evidence regarding the efficacy of business approaches in NGOs, studies do reveal that they can be contested. For example, Parsons and Broadbridge (2004) report resistance to the use of commercial practices such as league tables because they encourage competition not consistent with the more cooperative ethos of NGOs. Other studies report how it can be difficult to retain allegiance to the aspirations of service to members and the community in the face of business language emphasizing profitability (Parker, 2007a; 2007b; 2008). Furthermore, NGOs themselves can face criticisms from external constituents when they are seen to grow too corporate and professionalized (Lewis and Opoku-Mensah, 2006). With these insights about the development of strategies in NGOs, we now turn to examine how an international development NGO attempted to develop a new strategic position during a single strategic planning episode.

METHOD

Context

This study examines a “strategic review” undertaken between February 2009 and January 2010 at Voluntary Service Overseas, a UK-based international development NGO. VSO was founded in 1958 in England as an organization to send school leavers to teach English in the “underdeveloped territories of the Commonwealth” (Bird, 1998). Volunteers were initially recruited exclusively from England, and later from other countries in the ‘North’, i.e., the Netherlands and Canada. In 2000 VSO opened its first volunteer recruitment base in the ‘South’, with the establishment of VSO Jitolee in Kenya, followed by further bases in the Philippines and India. Geographic expansion was also accompanied by changes to the age, experience and work of volunteers. The 18-year-old high school graduate had been replaced by a (typically) 30-year old-plus experienced professional. Each year approximately 1500 volunteers are recruited and

take up placements in one of the over forty countries in which VSO operates programmes, mainly in South and South-east Asia, and sub-Saharan and West Africa (see Chenhall, Hall & Smith, 2013; 2015 for further detail on VSO). In 2004 VSO signalled that it would adopt a more ‘programmatically’ approach to its work, releasing a new strategic plan “Focus for Change.” This plan moved away from the long-standing model of work centered around volunteering to one focusing VSO’s efforts on “achieving specific development priorities within the framework of six development goals” (VSO, 2004).¹

The strategic discussions at VSO about the extent of focus on development goals, poverty reduction, central programmes or volunteering reflected wider debates about the often political and contentious nature of development work. At the broadest level, the very idea of ‘development’ has itself been subject to much debate and critique (e.g., Escobar, 1995; Ferguson, 1994; Riddell, 2007; Lewis and Kanji, 2009). The role of NGOs in development efforts has been contentious, being seen as the ‘silver-bullet’ to solve entrenched development problems, or being seen as ‘captured’ by host governments (e.g., Lewis and Kanji, 2009; Bebbington et al., 2008). Further debates include whether NGOs should focus on challenging dominant models as an ‘alternative’ to mainstream development approaches, or playing an active role in service delivery fitting within the programmes of dominant development actors such as the World Bank or United Nations (Bebbington et al., 2008; Lewis and Kanji, 2009). As such, VSO’s discussions about its own approach to development work took place within this wider discourse.

With the recent appointment of a new CEO, along with changes in the international development environment and the domestic political landscape in the UK, in early 2009 VSO embarked on a year-long ‘strategic review’ process (see Figure 1 for a timeline). This process reflects a strategic episode that has a beginning and an end whereby organizational actors discuss topics that are likely to have a long-term influence on the organization (Jager and Bayes, 2010). As will be elaborated below, the strategic review involved a variety of working groups, consultation processes, various meetings and strategy summits, and the use of strategy consultants from the business sector. The endpoint of the strategic review was the production of a new strategic plan, issued in 2010, which came to be called ‘People First.’²

<insert Figure 1 here>

Data collection and analysis

Given the lack of research on how NGOs develop strategic positions, an inductive, qualitative research approach was used (e.g., Parker, 2003; 2007a; Greenspan, 2014; Harris, 2014; Schiller and Almog-Bar, 2013). In particular, the empirical focus on a single strategic episode provides rich detail to analyse the sensemaking process of actors and provide ‘thick’ descriptions of NGO activity (McCourt and Gulrajani, 2010; Jager and Bayes, 2010; Harris et al., 2009). Like Parker (2003; 2007a), the aim was to go beyond formal strategy pronouncements and penetrate the normally unseen and inaccessible processes through which actors in NGOs generate strategic proposals.

Data was collected from three sources. The first source is the complete set of strategic review documents; beginning with the Board minutes that approved the strategic review process to the issuance of the new strategic plan. This data comprised over 250 separate electronic files (word documents, emails and PowerPoint presentations) providing crucial information on the positions debated throughout the strategic review. The second source is staff commentary on the strategic review posted to VSO’s ‘on-line community’ (an intranet site used throughout the strategic review). The transcript of the on-line community totalled 308 pages of text. The third source was data from a ‘strategic learning review’ conducted by VSO at the end of the strategic review process, which included responses by staff to survey questions as well as qualitative feedback.

The study was also supported by extensive knowledge of VSO gained from both an external and internal perspective. The author was involved in a larger research study of VSO, which included being a volunteer in Sri Lanka for three months during the period of the strategic review (see Chenhall, Hall, and Smith, 2013; 2015). This experience provided extensive knowledge of VSO to provide warrants for the analytical judgements of the strategic review material (Alac and Hutchins, 2004). Although a volunteer at the time, the author did not participate in the strategic review process in any way, and was only provided access to the strategic review documents and on-line

community transcripts several months after the strategic review process had been completed.

To analyse the data I arranged it chronologically and identified common themes and emerging patterns. In particular, I conducted line-by-line readings of all the strategic review documents and transcripts from the 'on-line community' searching for as many ideas for themes and patterns as possible (Mikkelsen, 2013). This process focused on changes in the positions being advanced in the strategic review, and then sought to understand the nature of these changes, why they came about and the subsequent reactions from different people within the organization.

This original data was then re-organised around significant issues (for example, debates about 'where to work', the use of 'business' language) that emerged in trying to understand the dynamics of the strategic review process at VSO. Although the data analysis was sensitized by knowledge of the prior literature, the overall approach to developing themes reflected a "grounded theory" (Glaser and Strauss, 1967) method of knowledge-building, where relevant literature and explanation is sought subsequent to data collection, rather than being used to develop initial hypotheses or propositions (Harris, 2014; Morrison and Salipante, 2007). As such, once the concept of 'crafting compromises' and the underlying processes were identified as being significant, I then re-examined the data with specific reference to these processes (c.f., Greenspan, 2014; Harris, 2014). As part of this process, emerging findings from the study were compared with existing research to identify the extent of matching between the data and expectations based on prior theory. In particular, findings that did not appear to fit emerging patterns and/or existing research were highlighted for further investigation as the research progressed. This process was iterative throughout the research, and finished when it was believed that a plausible fit between research questions, theory and data had been achieved. In particular, this involved reaching a 'saturation point' where additional empirical examples and illustrations reinforced the prior themes without providing any new categories or issues requiring explanation (Ahrens and Dent, 1998; Ahrens and Chapman, 2006).

The central issue that (re)emerged during the strategic review concerning the content of the strategic proposals (Denis et al., 2007) was debate about where and how VSO should work. In addition, two complicating dynamics emerged regarding the

processes through which the strategic proposals were introduced and debated (Denis et al, 2007): (1) the role and extent of staff and volunteer participation, and (2) the influence of business. Whilst these themes emerged from the data, the issues they address are likely to reflect common dilemmas in NGO strategising, that is, where and how to operate, whom to involve, and the importance of language. Addressing these themes also allows consideration of the value-implications of both the content of strategic proposals (e.g., where to work), and the processes through which such proposals are formulated (e.g., participation and language) (Denis et al, 2007). The next section addresses each of these issues in turn.

CRAFTING COMPROMISES IN THE STRATEGIC REVIEW PROCESS

Where to work

Debate about where to work had a long history at VSO, in effect existing since its founding in the 1950s. Historically, VSO had structured its work primarily around the ‘country programme’, each with its own volunteers, staff and budget responsibilities. Therefore, decisions about where to work were primarily decisions about which countries VSO should work in. Working Group 3, tasked with analysing this problem, outlined what they saw as VSO’s typical approach:

Choices about which countries we work in have been made largely on historical and pragmatic grounds...Focus for Change did not explicitly guide where we work...We don’t make decisions about the size of programmes in countries based on a global, systematic assessment (Working Group 3, Pink Paper).

This quote reveals a desire to move away from the reliance on ‘historic and pragmatic grounds’ and to move toward a more ‘systematic assessment.’ Importantly, the prior strategic plan (Focus for Change) is singled out for not providing explicit guidance on this issue, therefore framing the context in which the new strategic plan would need to provide such guidance in order to be considered appropriate. The perceived lack of systematic assessment was not just an internal management concern but also viewed as a challenge to VSO’s legitimacy in the sector, with a country director commenting that

his replies to questions about why VSO works in particular countries “were and still are, insufficient and not satisfactory.” These comments indicate an environment where the current strategic review was expected to provide, if not definitive ‘answers’, then at least some more explicit guidance on where VSO should work and why.

A central dilemma emerging at the ‘white paper’ stage was whether VSO should “focus around a set of programme priorities” or focus on “reaching and impacting the lives of the highest possible number of beneficiaries?”³ The reference to programme priorities reflects Focus for Change, where VSO’s work was directed towards six programme areas. However, it was generally felt that this focus limited opportunities for programmes to reach new beneficiaries outside the six programme areas. The nature of this dilemma illustrates how the prior strategic position plays a strong role in framing debate about the new strategic position.

There was a further dilemma around whether VSO should choose its country operations based on the number of poor people rather than the overall level of development of particular countries (e.g., ranking on the Human Development Index). One option that surfaced during the white Paper stage was to “focus all of our country programming on India, China and Nigeria where more than 60% of the world’s poorest people live.”⁴ This proposal invited much debate as the strategic review progressed. It was thought to require a very different approach to operations in country programmes. In providing feedback on the white papers, the Kenyan country programme (echoing the view of many country programmes) outlined its perspective on the implications of such an approach:

VSO would need to start offering services, and providing funding for programmes...VSO would have to be radical in its approach and facilitate capacity building of communities as well as their institutions in needy areas where no such exist...VSO would also need to define its work geographically instead of spreading thin and probably move staff closer to the areas where action is taking place.

As noted, this model would require, in effect, a wholesale change to VSO’s current mode of operations. Concerns were raised about its feasibility, with the Malawi programme stating that it was “unrealistic and not possible” because VSO was not

equipped to reach the poorest of the poor who are often marginalised and invisible in village life.

There was also recognition that this approach would encounter difficulties with donors:

VSO would need to clearly understand and be able to communicate the rationale for concentrating resources in countries like China and India just as donors are focusing their development aid elsewhere in less wealthy countries that are not seen as “emerging economies” (Working Group 3, Pink Paper).

VSO’s main donor, the UK’s Department for International Development (DFID), had started to shift toward a “focus on the poorest countries” whereby they would “narrow our country coverage, to focus our efforts where [DFID] can have the biggest possible impact on poverty reduction.”⁵ Here, VSO’s proposal to choose countries based on the greatest number of poor people, which would necessarily include a strong focus on China, runs counter to the logic of donors whose focus is on the relative development of countries as a whole. This situation is characteristic of the potential for an agenda conflict between the stakeholders of NGOs (e.g., Hyndman and McDonnell, 2009). At a time when donors were rationalising resources to focus on those countries considered to be the poorest, a movement away from these countries by VSO could clearly prove problematic. However, a strong desire remained within VSO to maintain a focus on countries like India and China.

Resolving these different positions was challenging and represented a critical incident during the course of the strategic view whereby proposals were further refined. Specifically, a compromise position emerged during the Pink Paper stage that sought to combine a focus on poor countries with a focus on the greatest number of poor people. This position came to be termed a ‘global vision’, which proposed that:

instead of focusing all of our resources on the countries in the lowest third of the HDI (as we currently aim to), we take a global approach; working not only in the least developed countries but also fighting global poverty through a people to people approach in lower middle income countries, globally influential countries and some developed countries (Working Group 3, Pink Paper).

The global vision created a typology whereby VSO could work in different countries in different ways. Programming would continue in the least developed countries, incorporating positions advocating for this approach to remain a central focus for VSO. But VSO would also work in what is called a ‘people to people’ approach in globally influential countries (i.e., Brazil, Russia, India and China), incorporating positions advocating a focus on the greatest number of poor people. The rationale for the ‘global vision’ approach coalesced during the Blue Paper stage:

VSO will continue to focus its work and resources in the poorest and least developed countries in the world, seeking to work further down the HDI/HPI/GDI index. However, with a huge proportion of poorest people in the world living outside this typology, VSO will work differently and cost effectively in more developed countries (Blue Paper 1).

This quote shows how actors were responsive to feedback and sought to combine the different perspectives using the country typology. The typology is seen to provide clarity about why and how VSO will work in different countries, addressing concerns about the lack of a systematic assessment. There is also recognition of the importance of being able to clearly communicate the approach, which can help to provide explanations to outsiders that question VSO’s operations, and overcome a perceived deficiency in the guidance provided by the prior strategic plan. The inclusion in the typology of both least developed countries and influential developing countries is a compromise between desires to work with the poorest of the poor whilst recognising donor priorities.

Some concerns were raised, however, about the need for “more clarity around the objective of country classification and the value and justification behind the typology.”⁶ These concerns were addressed to some extent in the revised blue paper, where there was clarification of the way in which VSO would operate. For example, work in fragile states would “re-state the value of volunteers working in a service delivery role”, work in fast-growing economies would focus on supporting “social movements, agents of change and policy development” and work in developed countries would focus on “public engagement and advocacy.”⁷ This is further evidence of being responsive and adaptive to criticism through the refinement of the strategic plan.

The response to the typology was generally positive, with reference groups commenting that it “made a lot of sense”, and that it was important to move away from a “one size fits all” approach.⁸ The ‘global vision’ approach was thus included as a central pillar of the new strategic position outlined by VSO in its ‘People First’ strategic document.

Participation

Participation was also a critical issue for the legitimacy of the strategic review, particularly as it (and associated concepts of empowerment and inclusion) was a core value at VSO reflected in the prior strategic plan. It was also viewed as important in the wider international NGO context (Lewis, 2007; Lewis and Kanji, 2009; Cooke; 2008). The importance of participation was formalised in the first key document issued during the strategic review, the ‘mobilisation document’. It stated:

The process will be participative and have a dispersed “heart” i.e. no one stakeholder group should be able to claim ownership of, or overly influence, the key outcomes at each stage of the process. It will need broad ranging and deep participation from all of the major parts of VSO (Mobilisation document, June 2009, emphasis in original).

This statement was reflected in the formal involvement of over 300 staff in the strategic review process (reflecting over a third of all VSO staff at the time). The practice of engaging a relatively high proportion of staff and providing many opportunities for input was reflected positively in the strategic learning review, which stated that ‘the general feeling was the process was extremely participatory.’ In contrast, it was practices that had the potential to create a sense of ‘exclusion’ that proved problematic.

The first practice that generated a sense of exclusion was the establishment of six working groups, each tasked with developing proposals for a specific ‘big question’ that emerged at the start of the review process. Each working group was responsible for developing the green, white and then pink papers that would then be integrated into the ‘blue paper’ (see Figure 1). Each working group had a membership of 10-12 staff from across different constituencies in VSO. In general, it was felt that the diversity of staff in the working groups was appropriate and provided settings where organizational

members could weigh and potentially combine the views from different constituents. However, there were criticisms over the ‘lack of transparency’ in the formation of the groups, with a desire for ‘more clarity’ over who was selected and why (Strategic Review learning document, December 2009).

A second practice related to the establishment of ‘reference groups’ whose purpose was to provide feedback to the working groups as they developed their proposals. The initial use of 12 reference groups was criticised for being too narrow and leaving some constituencies without a voice. A further 6 reference groups were established, after which it was felt there were reference groups for many constituencies within VSO, for example, for each geographic region, for each of the Federation Members, for issue specific groups such as ‘Gender’ and ‘Diversity’, and for other parts of VSO such as ‘International Recruitment’. Reference groups were formally invited to provide feedback to working groups at the ‘white paper’ and ‘blue paper’ stages. This was welcomed and represented a critical incident whereby actors were responsive and adaptive to criticism (by expanding the number of reference groups) and helped to develop more consensus around the processes used to support the strategic review.

A third practice concerned the use of the ‘on-line community’ for staff to post comments on a variety of different issues (or ‘threads’) that related to each working group. Here, as above, concerns were raised over its exclusionary nature, with many posts to the on-line community expressing concern that staff without regular access to IT facilities (typically ‘lower-level’ staff in the programme office) were not being included. There was also concern that some staff would find the use of an on-line forum difficult as they were not used to expressing views in ‘public’ nor in writing, consistent with research highlighting how communication technologies can exclude the voices of southern partners (Verkoren, 2010; Townsend et al., 2002). Given that empowerment was a key value of VSO explicitly articulated in the prior strategic plan, it also highlights how difficulties can arise when the current process does not articulate with these existing values. These critiques centre on the on-line community not being sufficiently ‘inclusive’, particularly in respect of different cultural attitudes to public debate and technological barriers. Although there was general consensus that the on-line community was helpful, its use required more attention to issues of inclusion to be considered a more legitimate practice.⁹ Despite some tensions, the overall evidence

from the learning review was that people felt the strategic review process was participatory, with 82% of staff agreeing that the principle ‘The review will be participative’ was fully/mostly met.

The influence of business

As noted above, VSO involved strategy consultants from the business sector to provide technical support throughout the strategic review. A consultant worked at the VSO head-office in London for approximately six months. A second, more senior consultant, provided higher-level support and visited VSO approximately every two weeks. This reflects the recent practice of importing expertise from the private sector to assist the management of development organisations (Mowles, 2010) and to appear more ‘business-like’ (Dart, 2004; Jegers and Lapsley, 2001; 2003; Myers and Sacks, 2003).

Although the involvement of the strategy consultants was considered ‘beneficial’, it came with the trappings of a business style that was heavily criticised throughout the strategic review.¹⁰ This created a complex challenge regarding how to combine these different perspectives and facilitate the involvement of the strategy consultants and VSO staff during the strategic review process. From the outset the use of the strategy consultants ‘divided opinion’, primarily related to a concern that VSO might lose control over the process and that it would result in the adoption of a ‘business’ approach.¹¹ This led to the articulation of Principle 7 of the Strategic Review:

VSO will own, lead and manage the Strategic Review, both in terms of process and outcomes...[the strategy consultants] will provide consulting support to facilitate and guide VSO through this process, but this will always be in combination with project managers from VSO to ensure the best outputs possible (Mobilisation document).

This statement is a critical incident as it is an effort to be responsive to criticism by directly addressing concerns raised over the use of the strategy consultants, both through the articulation of the principle itself, and the statement that VSO will ‘own’ the process.

The first key test of the principle came with the publication of the Mobilisation document in the early stage of the strategic review process. One of the consultants worked directly on its composition alongside VSO staff, which appears consistent with Principle 7 outlined above. However, their involvement was accompanied by a particular style of language within the mobilisation document that proved particularly contentious and was subject to much criticism. The South-east Asia reference group made the following statement:

They [the strategy consultants] are approaching the review from a private sector perspective which may not be appropriate to a review of this kind in the NGO sector where there are a range of beliefs, motivations, discourse and language that are unique to the NGO and development sectors.

This critique is directed at allowing the values of the business world to infiltrate an NGO sector that is believed to have its own set of unique values and approaches, particularly where business practices are seen as being adopted wholesale (Jegers and Lapsley, 2003; Myers and Sacks, 2003; Parker, 2003). The highlighting of a unique language for NGOs became a particular concern after the drafting of the Mobilisation document, as the following statement from a country director reveals:

The [mobilization] document is overly laden with business terminology (business models, competencies, ‘developing the business’). Let’s be clear that VSO is not a business and doesn’t—as far as I am aware—aspire to be one.¹²

As alluded to in this statement, the mobilisation document was replete with terms such as ‘business plan’, the ‘business model’ and ‘managing the business’.¹³ This critique was associated with calls to ensure that the language of the NGO sector would ‘underpin the review’ and that business language would only be used when VSO was sure it ‘represents the philosophy of what we are trying to express.’¹⁴ As such, at this early stage of the strategic review, efforts to combine a business approach with VSO customary values were not yet effective.

Following the Mobilisation document, the next critical incident was the publication of the second VSO-wide document, the first ‘Blue paper’, issued in

November 2009. In the first Blue paper, there is reference to a ‘business model’, ‘business culture’ and ‘business departments’. Statements also refer to the need for VSO to ‘maximise impact [and] effectiveness.’¹⁵ As such, the use of business language proved particularly ‘sticky’ and resistant to change, even though the strategic review was inclusive and involved feedback from a variety of groups. In this way, the persistent use of such business language did not favour the development of a durable compromise because it did not respect the different positions in an integrated way (c.f., Denis et al., 2007), thus providing an example of where actors found it difficult to adapt appropriately to criticism and feedback.

The first Blue paper was distributed to reference groups for feedback and, perhaps not surprisingly, was again subject to a strong critique regarding its continued use of business language. The West Africa reference group made the following illustrative statement:

The language used throughout the document rendered it inaccessible in parts...whereas there was agreement that the voluntary sector could learn much from the private sector, there was no need to let it influence our language.

This comment shows that whilst there is openness to learning from ideas from business, it was essential for VSO to retain ‘our language’ and not have it influenced by a private sector philosophy. Moving towards a more business-like approach was of much concern to many people at VSO, expressed most clearly by the Southern Africa reference group in their comments on the first Blue paper:

Why are we adopting a business culture when we are an NGO ... shouldn't the fact that we are an NGO with a strong philosophy of our own be influence enough rather than adopting a model that is looking more and more suspect in today's global economy?

This statement reflects a strong concern that VSO's own philosophy and practices should be ‘influence enough’ in deciding on its strategic direction, and its approach should not need to be justified by reference to principles derived from the world of the private sector. This is followed by a critique that questions the legitimacy of the business sector model given the parlous state of the world economy at the time

(overwhelmingly thought to be the result of the actions of the private sector, particularly financial institutions).

These comments and feedback from the other reference groups on the first Blue paper were provided to those staff responsible for preparing the second (and final) Blue paper. It was here that the critiques over the use of business language gained some traction. The original Blue paper was 'reviewed and refined, incorporating many of the reference group's comments'.¹⁶ The revised Blue paper no longer made any references to a 'business model', 'business culture' or 'business departments.' Furthermore, where the term 'business' was used, it was in connection with practices such as IT and HR that were termed 'business processes', and, importantly, no longer in the context of what VSO does or its culture. Although occurring late in the process, the final Blue paper showed evidence of being responsive to sustained critique regarding the over-use of business language. Consequently, the revised Blue paper then became the final version of VSO's strategic plan and was approved by VSO's Board in January 2010.

DISCUSSION AND CONCLUSION

This study examined the processes involved in a strategic planning episode at an international development NGO. It showed how the process at the core of crafting compromises is an ability to combine different perspectives by making mutual adjustments in ways that develop credible and ultimately acceptable strategic positions. This is important because strategizing can involve the need to balance and prioritise the potentially competing interests of different stakeholders (Collier, 2008). This process involved organizational members' weighing and combining existing positions in an integrated way rather than seeking to influence and shape those positions directly (Denis et al., 2007). This is an effective approach for NGOs because actors are likely to have strongly held views related to different ideologies, identities and conceptions of development that are resistant to change. As such, taking the options put forward by different actors and recombining them into a consensus position helps to create acceptable and legitimate plans. As diverse and often conflicting perspectives typically characterize NGOs, the study explores how crafting compromises can help actors to cooperate and how the process of making mutual adjustments can be productive (Denis

et al., 2007; Chenhall et al., 2013). This is important in helping NGOs to develop credible and realistic strategic plans that chart an appropriate course between the extremes of inflationary consensus and lowest common denominator positions that can characterize strategising in pluralistic contexts (Denis et al., 2007).

The debate over where to work exemplified the process of crafting compromises, where the various positions and options about where and how to work offered by different groups were combined into a credible and accepted form by the end of the strategic review. This process involved making adjustments to stated strategic positions in relation to issues raised from a variety of different stakeholders. This included constituents internal to VSO, such as existing employees and volunteers, individual country programmes, and working and reference groups. But it also involved reaction to or being cognizant of the perspectives of external constituents, such as funders, government, external advisors and consultants, other NGOs and the state of the development discourse at that time. The making of mutual adjustments in this context highlights the dynamic, political and negotiated aspects of the crafting process.

The analysis indicates that two processes in particular facilitated crafting compromises. The first process involves being adaptive and responsive to critique from different groups as positions are developed. This was exemplified in the way in which actors were responsive to feedback during the discussions about 'where to work', with new positions and ideas emerging from working groups in response to feedback from reference groups and country programmes. This process is critical in enabling mutual adjustments and recombination of positions to take place, evident in the 'global vision' country typology in the final strategic plan that combined a focus on the greatest number of poor people with a focus on poor countries. The high level of participation that characterises planning processes in development agencies (Harris et al., 2009; Hopgood, 2006; Crewe and Harrison, 1998; Wallace et al., 1997) suggests that the overall level of adaptation and responsiveness is critical because the essence of crafting compromises is the collective mutual adjustment of positions. Adjustments can take the form of making specific changes to address criticisms, or, where practices cannot be adjusted, acknowledging the concern and why it could not be changed. This can help to integrate different perspectives by providing visibility to the values of different groups, which appears essential to the legitimacy of strategising processes in this setting. In this

way, responsiveness to critique is also important in showing that participation is more than a 'sham ritual' (Ebrahim, 2003). This provides some preliminary understanding of how consultation and participation can be organised to foster group identity and avoid paralysis (Crewe and Harrison, 1998; Edwards and Fowler, 2002), which could be explored more explicitly in future research.

The second process concerns the positioning of current strategic positions in relation to past strategic positions. Particularly for NGOs with a long history, past plans are likely to exert considerable influence over whether current plans are considered acceptable and legitimate. This is because current strategic plans are constrained by the nature of previous compromises and thus tend to follow path-dependency logics (Denis et al., 2007). For example, participation and empowerment were critical issues for the legitimacy of the strategic review at least in part because VSO's prior strategic plan placed strong emphasis on these values. The study shows, however, that such path-dependency also represents an opportunity to garner support for new strategic positions where they provide recognition of and a sense of continuity between past positions and those being developed. For example, the 'global vision' country typology provided continuity with the programmatic approach in Focus for Change but was also a reaction to its perceived restrictive nature. In this way, actors are constrained by their environments, but past strategic ideas and policies are not 'straightjackets' and can be taken up by actors and modified to suit current contexts. This echoes the way in which development ideas more broadly are not just adopted by development actors but contested and reworked in practice (Bebbington et al., 2007).

The study also contributes to research on the use of business practices by NGOs. The findings confirm arguments from prior research that the simple transference of business sector practices, such as formal strategic planning, to the NGO sector is not sensitive to the motivations and practices of actors in NGOs (Jegers and Lapsley, 2003; Lewis, 2007). It shows how an NGO can develop its own strategic planning processes that take into account the role, purpose and values of the NGO sector (Myers and Sacks, 2003). This requires attention to not only the actual explication of the strategic direction (content) but also to how it is organized and the language that is used to formulate it (process) (c.f., Denis et al., 2007).

This analysis considered how the language used in the strategic review documents was fundamentally connected to and viewed as an expression of what VSO was and, critically, what it is was going to become. The critiques of a business language largely stressed the importance of VSO as an ‘NGO’, an organization separate from and different to the business sector. Importantly, those working in the third sector often highlight its distinctiveness (e.g., Parsons and Broadbridge, 2004; Helmig, Jegers and Lapsley, 2004; Hopgood, 2006). As such, largely removing the focus on business language in the final strategy paper was critical in creating a document that respected the values of different constituents in a more integrated way (c.f., Denis et al., 2007). Most importantly, business language was excluded from domains that were considered by VSO staff as reflective of the ‘NGO way’ of operating, such as VSO’s approach to development and its organisational culture. This reflects not a mere change in terms but the use (in this case, removal) of language in a way that recognized its symbolic importance in indicating the purpose and meaning of the organization itself. Whilst it is not possible to analyse whether these changes are directly connected to the success or otherwise of the strategy, the Board accepted them and there was sufficient consensus such that the document became VSO’s new strategic plan in January 2010.

A final contribution relates to the development of greater understanding of the role of participation in NGO strategising. Consistent with prior research (e.g., Harris et al., 2009; Denis et al., 2007; Parker, 2003), participation was a critical issue in developing the legitimacy of the strategic review process. The analysis of participation at VSO, however, showed that it was not the overall level of participation that was contentious, but the extent to which particular practices were seen to be exclusionary and not empowering of particular groups. This was important in two ways. One, not recognizing the importance of empowering different groups would have been an outcome that was at odds with the values proclaimed by VSO in its prior strategic plan. In this way, the new strategic position would have little or no resonance with prior strategic positions and thus would be unlikely to be considered acceptable and legitimate (c.f., Denis et al., 2007). Two, being ‘inclusive’ was a key value at VSO and thus developing a sustainable compromise was thus dependent on accommodating such values appropriately.

An implication of this analysis is that the overall level or extent of participation may not be of central importance. Rather, it appears that careful attention to and inclusion of the voices of people from relevant stakeholder groups was most critical to enhancing the perceived fairness of the strategic review process (c.f., Lind and Tyler, 1988). In addition, the use of procedural explanations was important whereby actors provide an explanation for why they behaved in a certain manner (Lind and Tyler, 1988). For example, it was important for staff to explain why particular groups were included in the strategic review in order to show how such practices were aligned with values of inclusion at VSO. This points to both the practical and discursive elements of this process, whereby not only is the actual inclusion and exclusion of people in the strategising process important, but also the provision of an articulated rationale for choices to express the significance of inclusion as a value of the organization.

This study is subject to some limitations. First, while it included extensive documentary evidence and comments from the on-line staff forum, it would have been helpful to observe the activities of working and reference groups as they debated and discussed the different strategic options (e.g., Parker, 2007a; Collier, 2008). Second, the study's conclusions are oriented towards more formalised strategic processes, providing opportunities for future research to examine the nature of crafting compromises in more informal and emergent approaches to strategy formulation. Third, whilst the processes observed in the study are likely to be relevant for strategic episodes in other NGOs, it took place in a single development NGO headquartered in the UK - future research is needed to examine the applicability of the findings in different country contexts and different types of NGOs (e.g., national or regional NGOs, advocacy NGOs, etc.). Future research could also examine whether processes in addition to the two identified in this study (being adaptive and responsive to feedback, positioning current strategic positions in relation to past strategic positions) are important for crafting compromises in a strategising process, and how the process of crafting compromises in the formulation of strategic positions is related to how or how well particular strategic positions are implemented in NGOs beyond their formal acceptance.

Finally, the study has several implications for practice. It identifies two processes that strategy practitioners can pay attention to in order to help develop credible and ultimately acceptable strategic positions. It also provides insights regarding

the importance of language and participation in NGOs and how practitioners can manage the nuances of these issues. For example, by paying close attention to staff perceptions of inclusion and exclusion rather than overall levels of participation, and care and attention to the specific terms and words used to describe strategic positions. Finally, the study indicates that senior managers in NGOs should exercise caution in using strategy consultants that seek to import templates from the business sector with little adaptation to the NGO context.

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Figure 1
Timeline of strategic review process

February 2009	Strategic Review commissioned by VSO Board
April 2009	<p>Consultation with 14 external organisations and an initial internal consultation with staff and volunteers</p> <p>Staff survey and initiation of the Online Community where staff were invited to have their say on the strategic review by posting comments</p>
June 2009	<p>Mobilisation document published, setting out the scope and process for the strategic review.</p> <p>Establishment of six working groups, with each group to address one of the six big questions outlined in the mobilisation document.</p> <p>Each working group is responsible for the production of Green, White and then Pink papers as the review progresses.</p>
July 2009	Strategy Summit 1 in London involving staff from working groups, resulting in production of Green and then White papers.
August 2009	<p>Working group leaders present White papers to senior management team for feedback.</p> <p>Feedback on White papers collected from 18 reference groups.</p>
July – September 2009	Feedback on White papers collected from 33 country offices.
October 2009	Strategy Summit 2 in London involving staff from working groups, resulting in production of Pink papers for each working group.
November 2009	<p>Working Group leaders meet with senior management team and produce an integrated Blue Paper. The Blue paper was effectively the first draft of VSO's new strategic plan, amalgamating the options chosen by each of the six working groups in the Pink papers into a single document.</p> <p>Feedback on Blue Paper collected from 18 reference groups.</p>
December 2009	Revised Blue paper issued

January 2010	VSO Board approves the new strategic plan 'People First.'
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NOTES

¹ The six development goals in Focus for Change were health, education, secure livelihoods, HIV/AIDS, disability, and participation and governance

² See www.vso.org.uk/sites/vso_uk/files/documents/What%20we%20do/people-first-strategy-2010.pdf (accessed 29 October 2013) for a copy of the 'People First' strategy document.

³ Working Group 3, White Paper.

⁴ Working Group 3, White Paper.

⁵ DFID (2009): Eliminating world poverty: building our common future (pp. 108, 129).

⁶ West Africa reference group feedback on Blue Paper 1.

⁷ Blue Paper 2 document.

⁸ South-east Asia, Southern Africa and West Africa reference groups feedback on Blue Paper 1.

⁹ Strategic Review Learning document.

¹⁰ Strategic Review Learning document.

¹¹ Strategic Review Learning document.

¹² The Strategic Review Learning document stated that the mobilisation document "has been heavily criticised particularly on its use of language, which many people thought was too complicated, too business like and would alienated [sic] staff members".

¹³ Mobilisation document.

¹⁴ South-east Asia Reference Group, Feedback on Mobilisation document.

¹⁵ Blue Paper 1 document.

¹⁶ Strategic Review Learning document.