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THE IMPACT OF NON-FINANCIAL RESOURCES ON THE PERCEIVED DEPENDENCY OF NON-PROFIT ORGANISATIONS IN RELATION TO THE STATE: THE PORTUGUESE CASE

By

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Abstract

In the context of an extensive sharing of responsibility between governmental and non-profit organisations to accomplish social policy actions, the relationship between state and the non-profit organisations and the degree of dependence of these organisations in relation to the state has been acknowledged as a critical issue within social and public policy.

However, the hallmark of much research related with non-profit/statutory relations has derived mainly from the widely recognition of non-profit's increased income from statutory sources (Salamon and Anheier, 1996). As a result, non-profit's dependency on the state has been captured essentially by assessing financial dependency. Assuming that nonprofit organisations are also dependent on the state for non-financial resources (Saidel, 1991; 6,1994), this paper attempts to analyse the extent to which the non-profit sector is dependent on the state for resources, as well as evaluating the weight that non-financial resources might have in the perceived resource dependency assumed by non-profit organisation's managers in relation to the state.

Key Words: Non-financial resources dependency, Financial dependency

1. Introduction

Current literature has given evidence of the so called "associational revolution", a term used by Salamon (1995) to characterise the rapid expansion of this sector. During the last decades, the non-profit sector has not only increased in a significant manner but has also experienced a significant process of change. In this process, there has been given evidence of an extensive pattern of state funding of nonprofit organisations, which reflects not only an increasing reliance of the state on the nonprofit sector to carry out public purposes, but also emphasises a financial dependency from nonprofit organisations on state funding. In addition, empirical evidence has emphasised that public funding is a major source of non-profit finance (James, 1989, Anheier and Seibel, 1990; Kuhnle and Selle, 1992; Gidron et al., 1992; Kendal and 6, 1994; Salamon, 1995; Salamon et al., 1999).

However, it is also worth emphasising that despite the growing interest that, this complex relationship has attracted, not proportional efforts have been directed by academics to assess empirically this dependency, its nature and extent as well as the implications, either for the non-profit sector or the state.

In fact, apart from some worthy noticing exceptions (Saidel, 1991), not much has been achieved, in empirical terms, particularly in what concerns the assessment of the non-profit's dependency on the state. The issue of dependency has been mostly studied by assessing financial dependency and to our best knowledge very little research has focused on other types of resource dependency. Therefore, further empirical research is required in order to provide a more clear and pervasive account of the dependent character, associated with the relationship between state and the non-profit sector.

In this context, this paper seeks to advance our knowledge about the nature and scope of statutory/non-profit relations, particularly by analysing the extent to which the non-profit sector is dependent on the state for resources, as well as evaluating the weight that non-financial resources might have in the perceived resource dependency assumed by non-profit organisation's managers in relation to the state.

Given the fact that the Portuguese non-profit sector has been acknowledged as highly dependent on the state (Santos, 1987; Pereirinha, 1997; Hespanha et al., 1997) it seems that the Portuguese case may provide an interesting case study, which may be applied to other countries with similar social and cultural background.

2. THEORETICAL CONTEXT OF THE STUDY

2.1. ASSESSING THE NON-PROFIT SECTOR'S DEPENDENCE ON THE STATE

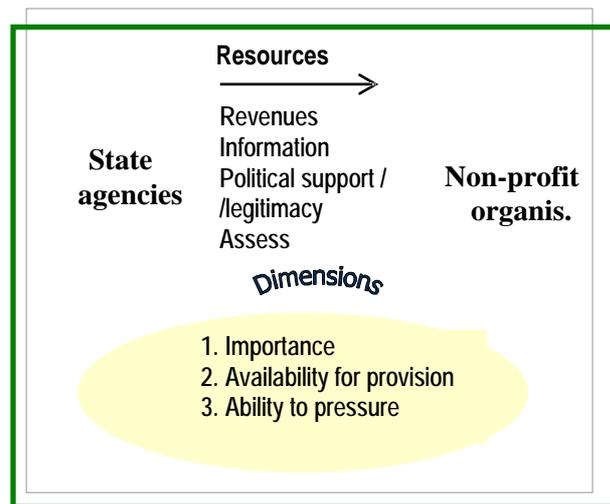
Since the state has become, during the last decades, an increasingly important source of income for non-profit organisations, particularly in awarding contracts, it is not difficult to understand the reasons why the dependent nature associated with the non-profit/statutory relationship has been, so often emphasised as an outstanding feature which is referred to characterize this relationship. However, and despite some notable exceptions (Saidel, 1991, Anheier et al., 1997) not proportional efforts have been directed to assess this dependent relationship by giving empirical evidence of the extent to which non-profit organisations are effectively dependent on the state for resources.

Since the majority of studies, which have attempted to analyse the question of dependency from non-profit organisations in relation to the state have, in most of the cases, focused on the financial dependence, it is likely that, to a certain extent, other resource dependencies might have been overshadowed.

In the line of this argument, Saidel (1991) analysed what resources and common across service areas were exchanged between state government agencies and public-benefit organisations. Using a resource dependence framework, Saidel's research findings evidenced that state agencies provided non-profit organisations with revenues, information; political support/legitimacy and access to the non-legislative policy process to non-profit organisations and, in turn, non-profit organisations supplied their service-delivery capacity, information, political support, and legitimacy to state agencies (Saidel, 1991).

According to the resource dependence perspective, organisations are not capable of generating all the resources they require to survive (Pfeffer and Salancik, 1978). As a result, they engage in transactions to satisfy unfulfilled needs. Defining resources as 'anything of value, tangible or intangible' (Saidel, 1991: 544), the resource dependence perspective will be used in this study to assess the extent to which the non-profit sector is dependent on the state (Figure 1). Moreover, the resource dependence perspective has also been applied to non-profit organisations and has proved to be an important theoretical tool to the understanding of problem assessments, opinions and strategies evidenced by these organisations (Anheier et al., 1997).

Figure 1 - Dimensions of Resource Dependence



Adapted from (Saidel, 1991)

Therefore, this study seeks to analyse the importance that non-financial resources might have in the perceived resource dependencies from non-profit organisations in relation to the state.

Considering the diversity of this sector, it is expected that variations on the perceived resource dependencies will be found among different sectors of activity, as well as among other demographic dimensions that characterises the non-profit sector.

2.2 RESOURCE DEPENDENCE AND AUTONOMY: WHAT RELATION?

The non-profit sector is often associated with a particular set of attributes, values, norms and motivations in which its distinctive character and its not-for-profit purpose has been highly emphasised. However, the significant increase of non-profit organisations providing services under contracting has given expression to the fear that this contract culture would compromise the values and goals of non-profit and voluntary organisations (Taylor, 1990; Smith and Lipsky, 1993; Billis, 1993).

Furthermore and since growing dependency on statutory funds carries with it the risk of loss of identity (Brenton, 1985), the autonomy of these organisations has been increasingly questioned and an intense debate on the implications of a funding relationship has reinforced the argument that government support undermines the independence of these organisations, diverts them from their basic objectives, and leads to an excessive professionalisation (Butler, 1985; Smith and Lipsky, 1993).

As it emerges from the literature, the issue of non-profit dependence on the state has frequently been viewed as an undesirable effect derived from the increasing contract culture in which dependency is seen as the price to pay for state funding (Gutch, 1992, Kramer and Grossman, 1987; Phaire, 1994; Salamon, 1987; Smith and Lipsky, 1993). In fact, the question of non-profit's dependency on the state has been widely discussed in the literature mostly by emphasising its negative implications. Generally, it has been assumed that this dependency is mainly derived from a heavy financial resource dependency evidenced by the increasing use of contracts between the state and non-profit organisations. However, the implications arisen from this dependency are not clear, either from the governmental or the non-profit sector's perspective. As some authors observed, research has offered little explicit and systematic empirical evidence for the state dependency thesis (Anheier, H.K et al, 1997; Essex, T., 1998).

Interestingly, some research findings reported by Saidel (1991) have challenged the assumption upon which the non-profit's financial dependence on the state is often associated with a general loss of autonomy. According to this study, the state and the non-profit organisation not only evidenced mutual resource dependence, but is also suggested that, substantial resource autonomy was also to be found within each sector.

Given the above discussion, the present research seeks to examine the extent to which resource dependencies impacts on the perceived autonomy (or dependency) associated with non-profit organisations. For that purpose, a set of key strategic and operational decisions will be analysed, as a way to assess the non-profit's dependency on the state. The justification for this relies on the assumption that the decision-making autonomy may reflect the extent to which

non-profit organisations can be considered or not as independent from the state, i.e. to know whether the state influence, in any way, their decisions. Besides this approach has also been taken by David Billis (1992) who assessed autonomy by the way organisations make their decisions, i.e. to know whether the organisations can decide, without seeking the permission of a state body.

Therefore, the non-profit manager's perceptions about the degree of dependency (or autonomy) will be assessed by focusing on the degree of state's influence in a set of activities or decision-areas.

3 METHODOLOGICAL APPROACH

Using a resource dependence framework, which compares with Saidel's framework (1991), the current study will be carried out by means of a mail survey of a large sample of non-profit organisations operating in Portugal. Organisations will be selected randomly within major non-profit fields (ICNPO-Groups) separately, using random sampling techniques based on national listings of organisations.

A self-completion questionnaire has been developed which address a selected set of items, such as resource dependency measures, and non-profit organisation's profile.

To ensure the effectiveness of this research the validity and reliability of the measurement instrument will be assessed. While validity means that theory, model, concept or category should describe reality with good fit (Nunnally,1978; Malhotra, 1999; Hair et al., 1995), conversely, reliability implies that two (or more) studies focusing the same phenomenon with similar purposes should achieve the same results (Carmines and Zeller,1979; Churchill,1995).

Concerning the data analysis, a set of bivariate and multivariate statistical procedures will be used in the present study.

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