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A COMPOSITE MODEL FOR INTERORGANIZATIONAL STRATEGIES

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ABSTRACT

This article integrates general systems, exchange and contingency theories into a process model for determining appropriate interorganizational strategies to achieve goals. The author suggests that the interorganizational power-dependence ratio is one of the frequently overlooked but major determining factors in interorganizational relations and goal attainment.

The need for social workers to have increased theoretical knowledge of interorganizational behavior has become apparent over the last few years. This awareness has been reflected in the professional literature, which has seen slowly increasing attention paid to interorganizational relations, both in theories and research. Writers, such as Speccht, Bisno, Cox et al., Hasenfeld and Thompson have studied or described various interorganizational strategies. However, the construction of a composite model which links contingency, general systems and exchange theoretical concepts into an overall, prescriptive process has still been limited. As Young states, "Although little attempt has been made to apply contingency theory to human services agencies, its application has the potential to provide some valuable insights."2

Accordingly, the purpose of this paper is to propose a composite interorganizational strategy model, based on the power-dependence contingency model, which could assist social workers in choosing appropriate strategies to meet program maintenance or expansion goals.

When the community is conceptualized as a power-politics arena, it can be surmised that the massive cutbacks in social program funding by the Reagan Administration may create an environment of great uncertainty and competition for funds. The need for social workers to exercise power strategies to maintain client services will continue to increase. The major contribution of this model is to synthesize and integrate several different theoretical formulations into a meaningful whole. The resulting composite model can be used as a process guide by practicing social workers. A brief description of the theories used to construct the model will be followed by a discussion of the model itself.
ORGANIZATIONS

A recent author, Hall, defined an organization as:

- a collectivity with a relatively identifiable boundary, a normative order, authority ranks, communication systems, and membership coordination systems; this collectivity exists on a relatively continuous basis in an environment and engages in activities that are usually related to a goal or a set of goals.³

Although this definition is somewhat complicated, it acknowledges the importance of the environment and goal-directed behavior to human services organizations. A focus on interactions with the environment is one of the primary features of systems and exchange theories and is the foundation of contingency theory.

THEORETICAL APPROACHES

General Systems

Systems theory regards the system as a natural whole, with interdependent parts, which adapts to internal and external stresses and strains to maintain an inner and outer equilibrium. Formal goals are important, but they must be compatible with organizational survival. Von Bertalanffy formulated the transport of energy equation of inputs, conversion and outputs and the importance of feedback for systems maintenance and modifications.⁴ Jacobs asserted that in order to accomplish its production cycle, the formal organization was dependent on its environment at several points, inputs, outputs and resource acquisition.⁵ The three stage transport equation has been widely applied to social work client, family, group, research and administrative endeavors and is the base for the model under study.⁶ Ashby described cybernetics as an information processing activity, which includes the feedback loop.⁷

Exchange

Joining exchange theory with open systems theory is particularly appropriate in the study of interorganizational relationships. Two of the more noted publications on exchange theory were written by Blau, and Levine and White. Blau, writing on relationships between individuals and groups stated that:

- Social exchange, broadly defined can be considered to underlie relations between groups, as well as between individuals; both differentiation of power and peer group ties; conflicts between opposing forces as well as cooperation.⁸

The exchange had to be reciprocal and to provide benefits to both parties. The units of exchange could be tangible, e.g., money, or intangible, e.g., feelings of gratitude. Parties in the exchange are concerned about receiving the reward dispensed by the others. Although exchanges may be between equals, an inequality may develop, in that one person or group may possess more highly valued resources than the other. The person with the most highly valued resources has potential power in regard to the other, since he/she can make the distribution of resources contingent on compliance by the other. The other person, with less highly valued resources, will be dependent on the other person if he or she needs the resources and can't get them elsewhere.
Levine and White used exchange theory to describe the relationships between work organizations. They defined exchange as "any voluntary activity between two organizations which has consequences, actual or anticipated, for the realization of their respective goal or objectives." For an agency to achieve its own objectives, it had to possess or control three elements—clients, labor services and resources other than labor. Since an agency seldom has all required resources, it must exchange resources with other environmental elements to attain its goals. Within the concept of exchange, the organization will seek to acquire more highly valued resources than it will cede away. This intrinsic drive functions as the cornerstone of the model proposed in this article.

Contingency

Although the theory of contingencies is sometimes interpreted as prescribing that organizations and social workers can do anything they want, in its true meaning, one's (or an organization's) behavior depends on the internal and external factors impinging on the goal attainment process. Decision-making in strategy selection processes will vary among contexts, as a reflection of the fact that the contexts will be different. As a power-politics arena, the community must be viewed as composed of various forces and groups (such as other agencies), which have impacts on the internal operations of human services agencies.

**STRATEGY MODEL**

Stage 1 of the Strategy Model, concerned with problem definition, is shown in Figure 1.

![Figure 1](image-url)

*Figure 1. Stage 1 processes.*

**Problem Definition**

Brown and Levitt, in reviewing problem definitions, alluded to Hollis' "person-in-situations" and Meyer's "immediate ecological space." Both of these conceptualizations focus on the client's functioning in the environment. This author contends that we could just as well substitute "organization-in-a-situation" or an "ecological niche," to understand a human services agency's environmental resource dependencies and problems. The open systems theory concept of domain (the organization's purposes, functions, clients served and structure) is closely related to the concept of problem. If we use the problem definition of unmet need, or at a higher level of abstraction, a poor organizational-environment "fit," then we could posit that the resolution to a problem could result in a domain boundary expansion, maintenance or contraction. Also, since a problem may be the result of environmental forces, or internally initiated, any of these boundary states could be an organizational goal, contingent on internal and external factors. General systems theory
posits a relationship between components of a system, so that a change in one affects others. Since the agencies, funders, regulators and client systems in a given service delivery system are related, changes in any part of the service delivery system could have a positive or negative effect on the other parts.

Problems are usually considered to be questions, unmet needs or sources of complexity. Are there service delivery system deficits, such as no alcoholic half-way house, in a certain community? If federal funding for an agency is cut back, what range of strategies would be available to its board and administrators to accept or offset the reduced funding? In the former case, a human services domain expansion would be sought. In the latter case, a goal of program maintenance or contraction would be sought.

Although it would be idealistic to believe that all facets of a problem could be known, the importance of gathering as much information as possible cannot be overstressed. The compilations and interpretations of "intelligence" data are the foundations for all subsequent goal and strategy selections and implementations. Cost, of course, is a limiting factor.

When the problem dimensions and key aspects of the power-politics community have been identified, it will be necessary for the focal agency to assess its relative power-dependence relationships with the pertinent environmental actors (organizations or groups). To assist in this, it is necessary to define the salient concepts of power and dependence.

1. POWER
Power is an aspect of relationships between two or more social actors. Emerson stated that power resides "implicitly in the other's dependency. . . . A depends upon B if he aspires to goals . . . whose achievement is facilitated by appropriate actions on B's part. The power to control or influence the other resides in control over the things he values, which may range all the way from oil resources to ego-support. . . ."14 Although not specifically stated by Schmidt and Kochan,15 a possible definition could be inferred from their work: power lies in the ability to block resource acquisition and/or goal attainment activities of another. Other writers have emphasized the value and scarcity of resources and the ability of the powerful organization to use resources as rewards.

2. DEPENDENCE
Blau stated that, "If a person regularly renders needed services to another which the other cannot readily obtain elsewhere, the other becomes dependent on and obligated to the first person for his services."16 Jacobs felt that there were two necessary conditions for the development of a dependent relationship, the essentiality of the item received and the availability of the item from other sources.17

These definitions make it clear that the dependent agencies lack resources of their own. Their inability to secure resources elsewhere forces them into subordinate, obligated positions to other organizations or groups. Resources may include money, manpower, equipment/supplies, physical plant, information, clients, and political support.
The definitions of power and dependence entail the general hypothesis that power and dependence are inversely related. Both definitions center around the control and allocation of one's resources and the resources of others. Whether the organization's environmental problem-solving activities are imposed or self-initiated in nature, an assessment of power-dependence relationships with each of the pertinent environmental actors (organizations or groups) is very useful.

Agencies have four possible power relationships with others:
1. High, balanced power
2. Low, balanced power
3. Unbalanced power favoring the organization
4. Unbalanced power favoring an environmental organization.

In the first alternative, both agencies have full and equal access to their own resources and are not dependent on each other. In the second, each equally has limited access to its resources and is not dependent on the other. In the state of unbalanced power favoring the focal organization, the focal agency has access to its own resources and the other agency is dependent on it. In the last, the situation is reversed.

In either high or low balanced power situations, Behling and Schriesheim suggest that cooperative strategies be adopted. Either of these strategies will entail communications between the focal organization and other elements, which should serve to reduce uncertainties in the relationships, as well as the anxieties of the involved people. The negotiations might involve some small loss of autonomy, but the mutual meeting of objectives should have payoffs to offset the loss. The situation of unbalanced power, which favors the focal organization, would be optimum. With adequate control over its own resources and with the other organization's being dependent on it, it has the flexibility to adopt any strategy it chooses. But, in the real world, selection of conflict strategies may influence access to resources and cooperation in the future. If the state of unbalanced power favors the other organization, the focal organization is faced with the worst of all possible situations. Its strategy selections will be severely limited.

The above discussion was built around a dyadic relationship between two organizations. Although such relationships are important, generally each agency is involved in a network of vertical and horizontal organizational relationships. This has both positive and negative effects. If the focal organization is attempting to expand its domain, weaker opposing agencies may form a coalition, with a resultant power greater than that of the focal organization, thereby successfully resisting it. If a stronger organization is aggressing against the focal one, the focal one may seek a coalition with others, to enhance its own power.

**Goals**

Etzioni defined goals as "a desired state of affairs which the organization attempts to realize." Levine and White referred to goals or objectives as "defining the organization's ideal need for . . . consumers, labor services and other resources." Because of scarcity of resources, interorganizational exchanges are mandatory antecedents to goal attainment. The writer synthesizes these into
defining the main agency goal as seeking control over its own resources, which involves both task and survival activities. Accordingly, resource acquisition relates both to continuing the organization and to meeting such manifest agency tasks as serving clients.

As communities are political arenas, so are the agencies in which we work. Gummer has described the competition amongst various coalitions within agencies to control the agency by controlling resources. He asserts that agency goals evolve from power struggles. The goals may be set by outside funders and regulators, boards of directors, administrators, staff, clients, other agencies, or coalitions within or among each. Except for consumer-representative organizations, such as associations for retarded citizens, the clients of agencies have usually had the least voice in setting agency goals, especially in public agencies. Outside funders (such as county boards or United Way boards) and regulators (such as Joint Commission on the Accreditation of Hospitals) may feel less compelled to ensure agency survival than boards, staff or clients. Moreover, the goals of each group or coalition may at times be competitive (and thereby mutually exclusive) and at times complementary. However, at any point in time one coalition's goals are usually dominant.

In contrast to business organizations, in which the goal is clearly to maximize profits, there is no such simplistic goal in public or private human services agencies. Disregarding the latent (and at times, manifest) survival goal, the goal of agencies has generally been viewed as to provide the maximum services at the lowest cost. However, without adequate cost efficiency/effectiveness evaluations, many agencies have had difficulty in showing progress toward this goal.

Strategies follow goals. If the survival goal is threatened by external forces, then a particular strategy might be adopted; if a task goal is paramount, then an entirely different strategy might be adopted. Since maintenance or changes in organization domain and resource acquisition are important to an organization and its clients, specific strategies must be chosen to maximize the probability of their attainment. At the same time, organizations should seek to minimize the possible cost and penalties of conflict and counter-productive use of resources.

The suitability of each of the three main strategies—cooperation, competition and conflict—should be related to the organization’s goals, with the one chosen based on the previously discussed power-dependence assessments and their respective probabilities of success.

Strategy Selection and Implementation Processes

With the completion of the goal determination, the strategy selection and implementation processes can be accomplished as shown in Figure 2.

Cooperation. The cooperation strategy chosen would be determined by the high/low power relationships, degree of dependency and compatible/incompatible goals with other organizations. As indicated by Thompson, an organization in a subordinate power position should try to reduce the uncertainties in its relationships with others—(1) through contracts (which would specifically explain the mutual roles, responsibilities and exchanges over a specified period of time), (2) through
Figure 2. Stage 2 planning and implementation strategies.
cooptations (seeking the participation of stronger agency or group personnel on the board of directors of the focal organization or securing their participation in other ways), and (3) by forming coalitions with other agencies to increase their mutual power.²² Using the cooptation method carries with it a certain amount of peril. From the author's experience, the coopted personnel may exploit their positions of power within the focal organization to interfere with resource acquisition and goal attainment activities.

The stronger organization would probably prefer informal bargaining to achieve its goals, to retain its flexibility and to maximize its gains. If the stronger organization expands its boundaries, the weaker organization would not be able to resist. If the stronger organization adopts competitive or conflictual strategies, resistance in kind would not be indicated, although the weaker organization could seek resources from elsewhere or decrease its dependence on the stronger organization. Over the short range, the weaker organization will probably have to resort to cooperative strategies, such as coalition building, which may entail ceding away some aspect of its domain. Coalition building is a frequently used technique. There is safety in numbers, the risk is diversified, and power is increased.

If the outcome of a cooperative or conflictual strategy appears to be in doubt, or clearly failing, then a strategy of compromise might be indicated. The strategy could be either unilateral or bilateral. If the focal agency decides to lower its aspirations and to salvage what it can from the situation, it is compromising with itself. A bilateral strategy will entail the focal agency's negotiating with the other element to work out a mutual agreement. If possible, both parties to the agreement should reach mutual objectives or receive something of value.

In 1969-70, a community mental health clinic was set up by the county boards in three rural counties in a Midwestern state. No previous mental health agency existed in the counties, except for a custodial care mental hospital in one county. In order to maintain control of the new agency, the administrator of the county hospital and two of the three county social services department directors secured seats on the board of directors. This cooptation maneuver was only partially successful for them. The clinic staff, with only a small budget and no coalitional power, adopted cooperative strategies with all other agencies and groups. The other community agencies culled out the less desirable clients from their caseloads and referred them to the new clinic. In order to secure some interorganizational linkage control, the clinic staff negotiated written working agreements with the staff in the county mental hospital, social services and public health nurse departments in relation to client referrals and services.

In 1970, a community mental health center staffing grant was filed and received. One of the requirements was the development of "continuity of client care" contracts between the affiliates in the center: the clinic, the county mental hospital and a regional medical center in a nearby large city adjacent to the catchment area. Relationships between the medical center and clinic staffs were continuously harmonious, whereas
the relationships between the county mental hospital and clinic staff continued to be acrimonious. In the former case the exchange of funding for services to clients worked well; in the latter case the exchange was only seen as a conduit of funding for the county hospital. The clinic staff's strategy of "buying" the cooperation of the county hospital staff was not successful.

Competition. Litwak's and Hylton's definition of competitive interdependence seems to apply, in that it refers to one agency maximizing its goals at the expense of another. A lesser focus on goals was shown by Thompson's and McEwen's definition that competition is "that form of rivalry between two or more organizations which is mediated by a third party." Blau felt that competition "occurs only between like social units that have the same objective and not unlike units with different objectives. Competitive processes reflect endeavors to maximize scarce resources." Reflecting the "zero-sum game" assumption, the writer synthesizes these definitions into the following: competition is manifested by attempts to secure scarce resources and thereby task and survival goals, at the expense of another organization. Resources are limited; therefore, those which are allocated to one organization will not be available to others. Task (i.e., the business the organization is in) and survival goal attainment are mandatory for both groups. Competition can be exemplified by two sprinters in track; each seeks the number one position, but neither actively tries to hinder the other.

The basic strategy of competition has two approaches. One is to lessen the focal agency's dependence on other environmental elements and the other is to seek the other element's dependence on it. In formulations similar to Blau's and Emerson's, Behling and Schriesheim listed four ways:

1. increasing the possible sources from which it (the focal organization) can obtain particular things or actions
2. decreasing its need for those things or actions
3. increasing the need of the environmental organization for the things or actions it can supply, and
4. decreasing the alternative sources available to the environmental organization for those things or actions.

These formulations have considerable importance for human services agencies. Taking into account that all organizations use some of their resources for survival purposes, human services agencies have charters which commit them to helping specific client groups (e.g., welfare clients or the mentally retarded) to meet their needs. Activities to help these groups may well lead the agency staffs into competitive and conflictual situations. Accordingly, the staff of a given agency, e.g., a mental health center or a day care center, should develop short and long-range strategies to lessen their dependence on environmental elements which might control them in ways contrary to their charter to help their client groups.

Securing funding from a wide variety of sources decreases the dependence on any given one. Working out cooperative referral arrangements for clients with a wide
variety of other agencies decreases the dependence on any given one. Diversifying resource inputs decreases risks, environmental uncertainty and vulnerability to manipulation by funders and competing agencies. The goals of one funding source may be somewhat incompatible with others in such ways that the resultant control over the agency is diminished. If the goals of the two sources were completely incompatible, then the wisdom of securing their funding could be questioned.

By giving a broad interpretation to the concept of resources, i.e., money, shared manpower, physical plant, supplies/equipment, clients and information, even agencies which would appear on the surface to be powerless, might have some resources needed by other elements. If one can be found, such as shared manpower, political support, information, or technical expertise, it may be possible to increase the other agencies' dependence on the focal agency, over the course of time. The important inverse relationships between power/dependence and autonomy/dependence and the direct relationships between vulnerability/dependence must always be kept in mind.

In 1972 the staffs of the county hospital, social service departments and county nurses formed a tight coalition. They were seen by the county boards as essential whereas the clinic was not. To develop needed programs for the mentally handicapped and to lessen these agencies' influence on the board of directors, between 1972-74, nine federal grants were secured by the clinic staff to develop state-mandated programs. Grants from the county boards were reduced at the clinic board's request. By 1975, the clinic received funding of varying amounts from around one and one-half dozen sources.

The mental health center was designated as the fixed point of responsibility for mental health care by the state division of mental hygiene in 1974. Neither community agencies nor the courts could make admissions of catchment area residents to inpatient, transitional or outpatient care, without going through the clinic component of the mental health center. This monopoly was met by hostility from the competing community agencies (which were a minority of the overall agencies in the catchment area). The state division of mental hygiene forced the county mental hospital to convert to a nursing home, with only one small mental health ward. The state agency's intent that admission to this ward would be through the clinic was subverted by the county nursing home staff.

Conflict. Schmidt and Kochan stated that perceived goal incompatibility, opportunity and capacity to interfere with another's resource acquisition and goal attainment activities determine conflict. The author suggests that this definition may be fruitful for use. In contrast to competition in track, conflict entails damaging or destroying the opponent, such as in boxing. Since this strategy can place the focal agency in a win no-win position, a careful assessment of the agency's power/dependence relationships with the environmental elements must be made. This theme has been stated several time in this paper. The dangers of a less powerful focal agency attempting to block the resource acquisition and goal attainment activities of a more powerful agency are apparent. The retribution costs may be too high. Such a strategy against an equal or less powerful element, even when it is successful, may have the long run effect of creating a reservoir of hostility. The non-monetary costs of such a strategy should be carefully studied.
Blocking resource and goal attainment may be done by arguing (directly or indirectly) against another agency's annual budget, application for grants, maintenance of existing programs or new program development. A number of political arenas exist for such purposes: the agency's own board, community welfare council, regional planning commission, city council or county board and general public. Since human services resources are static or dwindling, the "politicized" nature of the allocation process will assume greater importance.

Beginning in 1973, staff from the county mental hospital began to contact the clinic's funders, such as the county boards, state division of mental hygiene and National Institute of Alcoholism and Alcohol Abuse to allege misuse of funds, poor coordination with community agencies and poor quality of client care. Similar complaints to the district health planning council prompted it to make an investigation, which showed that none of the allegations was justified. The "leaking" of such charges to the local newspapers was rejected by the newspaper reporters. One of the social service departments and one of the county nurses attempted to support the county hospital in these endeavors.

The county hospital administrator on the clinic board became slowly more critical of the clinic staff at meetings. The hospital representative's requests for clinic efficiency and effectiveness information became more numerous. To meet these demands, the clinic staff developed a computerized management information system.

In 1976, the clinic staff and board decided that no more new programs would be developed. The goal of developing the basic service delivery system mostly had been met. Any further developments would be met with too much resistance.

Boundary Adjustments

Once the strategy is implemented, the results are manifested in stage 3.

Figure 3. Stage 3 processes.
Boundary adjustments to an agency's domain may take three forms—expansion, maintenance or contraction. Expansion usually reflects a successful strategy chosen by the focal organization, while contraction shows an unsuccessful active strategy, or reaction to a more powerful environmental element. Agency staffs hope, at least, to maintain their present boundaries (and jobs), if not to expand them. In periods of stable or declining resources for human services, such as at present, an agency board and staff may be quite happy to meet the goals of maintaining its present resource level and boundaries of operations and responsibilities. Accordingly, boundary adjustments reflect the after-the-fact accommodations to agency policies and strategies, in relation to internal values and capacities and external relationships with collateral agencies, funders, regulators and clients.

The total cybernetic model, indicating the informational feedback loop is now shown in Figure 4.

Evaluation

Whether or not a particular strategy is working has to be continually assessed. If it is working, i.e., the goals are being met as expected, then the strategy can be continued. If the goals are not being met, then it may be necessary to implement the strategy selection process again, i.e., problem definition, assessment of the power-dependence relationship, selection of the goals and the strategy and setting of the criteria for evaluating the outcomes of the strategy. The dotted line in the model shows the informational feedback loop, which serves to evaluate the planning and selection processes and outcomes of the activities. Of salient importance in this process is the setting up of information monitoring and feedback systems on a before-the-fact basis. Hopefully, with current information, the focal agency can be in a position to respond appropriately to the strategies of the other environmental organizations.

SUMMARY

The purpose of this article is to propose a composite model, based on the power-dependence ratio, which could assist social workers in choosing strategies to meet goals, within the context of exchange, contingency and systems theories. Rational planning in a politicized environment must be modified by contingent internal and external factors. The conflict model formulated by Schmidt and Kochan was added to the models of Thompson (cooperation) and Emerson (competition). The importance of adequate problem definition and before-the-fact goal determination was highlighted. The value of feedback for evaluation purposes is paramount. The social work profession's commitment to meeting client needs has propelled it into the community arena, since its beginning. Social workers must have a theoretical and practical base to advocate for our profession's and client's aims.

REFERENCES

Figure 4. Interorganizational strategies model.


22. Thompson, op. cit.


