A STRATEGIC APPROACH TO MANAGING TURBULENCE IN
THE NORMATIVE ENVIRONMENT

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One of the central areas of focus in organizational theory that has been of particular interest is the organization-environment interface. While various theories have made vital contributions to the study of organization-environment relations, their emphasis on organization adaptation is varied. However, research and practice have amply demonstrated that organizations do not exist in a vacuum; that if an organization is to survive and meet its goals, it has to adapt to or somehow make accommodations with its cognitive and normative environment.

This study explores the issue of an organization trying to adapt to its normative environment by deeply examining the situation of a national private nonprofit organization, with ties to the land-grant university and college system, which found itself in the midst of a turbulent environment. Specifically, the study discusses how that nonprofit was affected by this turbulence when it accepted funding from the nation’s largest tobacco company to develop and implement a tobacco prevention program. The act of this nonprofit accepting funds from the tobacco corporation caused challenges in internal management, worsened relations with some of its core constituencies, and fomented discord within leading non-profit organizations. The notion of turbulence, the mechanism of isomorphism as espoused by the new institutionalists, and the role of agency was explored, supplemented by a strategic approach that included components of contracting standards that organizations could adapt to attain congruency with elements
of their turbulent normative environment. In particular, this strategic approach utilized a framework borrowed from research conducted by Oliver (1991), emphasizing strategies of Defiance, Manipulation and Avoidance. What this study offers is a strategic approach to help non-profit organizations when they partner with a controversial source of funding, especially in cases where they are faced with these kinds of management dilemmas.
For my father, the late Nalin R. Choksi, and for my mother, Kusum N. Choksi. Their love made it all possible. Papa, I am sure you are smiling somewhere.
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CHAPTER ONE

INTRODUCTION

Beyond the contributions of classical theorists to organization theory, various perspectives of the organization have dotted the intellectual landscape over the decades – namely the modern, symbolic-interpretive, and the post-modern – partly reflecting the differences in epistemological approaches. As the field of organizational theory has developed, one of the central areas of focus that has been of particular interest is the organization-environment interface. Contingency, resource dependency, population-ecology, institutional, neo-institutional and other theories have made vital contributions to the study of organization-environment relations, though their emphasis on organization adaptation is varied. However, research and practice have amply demonstrated that organizations do not exist in a vacuum; that if an organization is to survive and meet its goals, it has to adapt to or somehow make accommodations with its cognitive and normative environment.

This study will explore the issue of an organization trying to adapt to its normative environment by deeply examining the situation of National 4-H Council (Council), a private nonprofit organization that has been in the midst of a turbulent environment in recent years caused primarily by issues affecting the tobacco industry. Specifically, the study discusses how Council, particularly its youth tobacco prevention program, was affected by this turbulence, when it accepted funding from Philip Morris USA to design and implement a youth tobacco prevention program. We look at this notion of turbulence (Emery and Trist, 1965) and give the various views of organization/environmental relations some context in the process. The mechanism of
isomorphism as espoused by the new institutionalists will be briefly explored, and supplemented by a strategic approach that will include components of contracting standards that organizations can adopt to attain congruency with elements of their normative environment, especially in a turbulent environment. We thus will provide an overview of the environment that has enveloped Council, and analyze what this means to a non-profit organization and its allies involved with program development and implementation. In particular, we will pay attention to the role of organizational self-interest and agency, and will then propose a strategic approach based on the analysis, utilizing a framework that borrows from research conducted by Oliver (1991)

For a youth development organization to accept funding from a tobacco company to prevent youth tobacco use, it has to deal with the concomitant environment that is part of a larger context. The political, social, and legal climate that has enveloped the tobacco industry in recent years has given rise to issues that go beyond dollar settlements and personal injury claims. In this case, the very worst is assumed about the corporation in question – that is, it is believed that the supposed benefactors have a hidden agenda of sorts when granting funds for a specific purpose.

In early 1999, these assumptions came into play when Council accepted funds ($4.3 million) for an initial period of two years from Philip Morris USA, one of the largest tobacco companies in the country, to develop and implement a national youth tobacco prevention program. The goal of that initial two-year grant was to develop and implement a national youth tobacco prevention program with a core curriculum to be pilot tested at various communities around the country. The program, now called Health
Rocks! has reached an extensive youth demographic nationwide, and forms the crucial component of National 4-H Council’s Healthy Lifestyles initiative.

The introduction of a large tobacco company that produces one out of every six cigarettes sold worldwide into the public health service industry created considerable challenges, especially since they were entering into domain occupied by forces counter to their interests – the public health advocacy and prevention community. A public relations campaign to discredit Philip Morris’ contribution to Council was launched by a leading youth tobacco prevention organization (initiated by the Campaign for Tobacco Free Kids) and its allies, which basically pitched two purportedly service organizations against each other. Ultimately, the act of Council accepting funds from Philip Morris caused challenges in internal management, worsened relations with some of Council’s core constituencies (primarily CSREES, or the Cooperative State Research, Education, and Extension Service, commonly referred to as Cooperative Extension System), and fomented discord with leading nonprofit organizations.

Internal dissension within the Cooperative Extension System/4-H, electronic mail listservs, and locally and nationally orchestrated campaigns demonstrated that Council’s youth tobacco prevention program was indeed operating in a turbulent environment. National 4-H Council, the national organization that received these “controversial” funds, is the main unit for analysis. The study will provide a detailed account of how these funds were granted, the purported intent of the funder, the intent of Council, and the safeguards put in place to help manage the controversy surrounding the situation. Given this national level setting, the experiences of two sites that received funding to pilot test this program will be described to show how the controversy developed at the local level.
As of August 2004, Philip Morris USA has granted an average of over $1.6 million per annum to National 4-H Council as of August 2004 – in addition to the initial funding commitment of $4.3 million for the first two years. Three universities have been contracted to conduct various aspects of the Health Rocks! program – Mississippi State University to coordinate and conduct site training and program implementation, North Carolina State University to revise an existing curriculum to enhance teen training methodology, and Tufts University to conduct a longitudinal study that looks at the role of community institutions and programs on positive youth development.

What this study offers is a strategic approach to help non-profit organizations when they partner with a controversial source of funding, especially in cases where they are faced with these kinds of management challenges and ethical dilemmas. A set of constructs that are part of this strategic approach is implicit, which can be adapted for inclusion into an organization’s contract or memorandum of understanding to define a donor/grantee relationship. A model set of contracting guidelines that was developed by a national organization based on this study’s analysis will be offered as an example (Appendix B) to demonstrate how the findings can be used as a practical tool, making it less abstract for organizational leaders who are facing these issues today and are looking for tangible solutions.
CHAPTER TWO

REVIEW OF THE LITERATURE

A Brief Look at Organization-Environment Relations
Several researchers in recent years have written about organizational-environmental relations. Though we have progressed a great deal since the intra-organizational focus of early classical management thinkers, further work has yet to be done in this area. The popularity of open systems theory espoused by von Bertalanffy (1956) and others gave rise to a whole new way of thinking regarding the role of the environment in organizational analysis. Emery and Trist (1965), expanding on this concept, discussed the growing complexity and instability of environments with which organizations now had to deal.

While the mechanistic view of organizations was more suitable in an environment with relative stability, a more organic approach was desirable when an organization was in the midst of environmental instability, where conditions are rapidly changing. While Burns and Stalker’s (1961) idea of changing organizing styles to better suit the conditions prevalent in the environment may seem somewhat anachronistic today, it was considered revolutionary in its time. Later theorists also contributed to this contingent approach to organization-environment analysis.

Though Pfeffer and Salancik’s (1978) resource dependency perspective primarily discussed the dominating effects of the environment on organizations, it also offered strategies to manage, or at least mitigate, the environmental constraints on organizational action. While a variety of actors and pressures, such as pricing, competition, and
regulation comprise part of the organization’s environment, it may be impossible for an organization to examine and act on all of these dependencies. Thus, an organization needs to look at its internal critical and scarce resources, and that offered by the environment, before taking steps to avoid or lessen this dependency. It should also make efforts to have other organizations in the environment dependent on the former. Pfeffer and Salancik provide examples of strategies that organizations use in managing these dependencies – contracting, acquisitions, mergers, joint ventures, trade associations, to name a few.

Similarly, while population ecologists also emphasize the dependence of organizations on the environment, they look at organizations more as an element of the environment rather than as discrete entities struggling to survive in it. Hannan and Freeman (1977) and Aldrich, along with Pfeffer (1976) and Mindlin (1978), the primary contributors to this view, looked at ecological niches, which consist of resource pools that are shared by interdependent but competitive organizations. The “variation,” “selection” and “retention” (or survival) processes in a population of organizations imply that the environment selects only those organizations that “fit” the demands of the environment, and rewards them with the necessary resources. This approach focuses on the interrelated, collective group of organizations, rather than with the organization as an individual unit.

Theorists like Thompson (1967) and Lawrence and Lorsch (1967) wrote about organizations’ interplay with their environments. Lawrence and Lorsch observed that uncertainty was primarily the result of three factors: (1) absence of clarity of information; (2) long lead time involved in definitive feedback; and (3) general
uncertainty of causal relationships. They concluded that different and varying conditions and elements within the environment create pressures for internal differentiation. Thus, different divisions within the organization specialize in handling responses to different pressures from the environment. This gives rise to complex structures and systems within organizations.

Institutionalists like Selznick (1949), Gouldner (1954) and even Zald (1970) provided an early look at organizations and their environments. Institutional theorists made the point that organizations get rewarded if they conform to the values, rules, norms, and beliefs of society. Selznick (1949, 1957) supported the position that organizations adapt not only internally, but to the values of external society, and in some cases, certain cultural and social forces in the environment may end up relegating an organization to play a particular role in society. As Perrow describes, “The process of institutionalization is the process of organic growth, wherein the organization adapts to the strivings of internal groups and the values of the external society…the administrative leader becomes a `statesman’ when he or she uses creativity to recognize and guide this process” (Perrow, 1986, p. 167). Cooptation was a strategy that could be used by the organization where external elements could be incorporated into an organization’s decision-making structure, either as a device for ceding some control to them or for manipulating them into compliance without actually sharing power.

Meyer and Rowan (1977) suggested that rationalized myths are part of the context within which organizations operate, where they may only peripherally conform to the norms of rationality, but their actions become rational as everybody believes them to be so. Structures and processes become accepted as social standards; organizations then
adapt to align with those standards, and thus are granted social legitimacy. This work by Meyer and Rowan, along with others including DiMaggio and Powell (1983) laid the foundation for the new institutional theory. This approach to institutional theory has its roots in the earlier theorists, as well as in the social constructionist literature influenced by Berger and Luckmann (1967). DiMaggio and Powell’s (1991) edited compendium on new institutionalism includes contributions from various theorists: Jepperson, Zucker, and Scott amongst others. In addition, Scott (1995), Meyer and Scott (1983) and Zucker (1988) provide some of the background in new institutional theory, including an expansion of the concept of institutional fields. Numerous articles have been written on new institutionalism, particularly in the late 1980s and the 1990s. For instance, an article by Oliver (1991) which offers some insights on organizational responses to environmental upheaval, especially when organizations deviate from institutional norms, and another by Lang and Lockhart (1990) on the board linkages within the airline industry, shedding some light on mimetic responses to environmental uncertainty, are a couple of examples.

*New institutionalists* like Scott (1987, 1998), Powell and DiMaggio (1983) attempt to look at the processes by which practices and organizations become institutions. Powell and DiMaggio differentiated institutional pressures into three categories: *coercive*, where actions conform to government laws or regulations; *normative*, where cultural expectations, such as the professional training of organizational members pressurize conformity; and *mimetic*, where organizations, due to uncertainty, copy other organizations’ structures or processes. This seminal article spawned considerable
research activity, especially research on mimetic isomorphism, perhaps even disproportionate to its role as depicted in that essay (Mizruchi and Fein, 1999).

**The Meaning of a Turbulent Environment**

In describing four “ideal types” of environment, Emery and Trist (1965) identified a fourth type as a turbulent field where dynamic processes “arise from the field itself” and just not within the interaction of its component parts. While generalizing from their case study of a firm specializing in a canned vegetable product, they stated that “the environmental contexts in which organizations exist are themselves changing, at an increasing rate, and toward increasing complexity.” (Emery and Trist, 1965, p. 21). In this case, the network of organizations becomes a force with which the organizational actor had to contend. Terreberry (1968) provided an alternate description of a turbulent field where “… the accelerating rate and complexity of interactive effects exceeds the component systems’ capacities for prediction and, hence, control of the compounding consequences of their actions.” (p. 593). In her insightful article, she cites, as “evidence of turbulence,” numerous studies that hinted at this notion. Ohlin’s argument of organizations requiring greater organizational adaptability due to the rapidness of social change (Ohlin, 1958), and Drucker (1964) and Gardner’s (1963) assertion that the tumultuous changes of that time made it difficult for organizations to predict the future, were some of the examples that Terreberry suggested as “emergence of a change in the environment that is suggestive of turbulence.” (Terreberry, 1968, p. 595). In addition, Terreberry cites research by Levine and White (1961), Litwak and Hylton (1962), Rubington (1965), and mentions numerous other works including Rosengren’s (1964) work in the mental health field and Maniha and Perrow’s analysis of a city youth
commission as reflecting “…a change in the causal texture of organizational environments, and therefore, of appropriate strategies for coping with the environment.” (Terreberry, 1968, p. 598).

As uncertainty was a key feature of turbulent environments, satisficing models (March and Simon, 1958) were replacing optimizing models, and disjointed incrementalism (Braybrooke and Lindblom, 1963) was replacing rational decision-making. This reactive behavior was evident as Cyert and March wrote, “So long as the environment of the firm is unstable – and predictably unstable – the heart of the theory (of the firm) must be the process of short-run adaptive reactions.” (Cyert and March, 1963, p. 100). Blau and Scott (1962) viewed a turbulent field through an inter-organizational lens – where they postulated that if a firm were to remain successful, then it had to establish symbiotic relations with other organizations where advantageous exchanges take place; an idea that views a turbulent field through an inter-organizational lens.

Dill (1958) discovered four sectors within the task environment, based on the analysis of two Norwegian firms: customers, suppliers, competitors, and regulatory groups. In this case, the task environment should only include components of the external environment which possessed relevance to the organization’s goal setting and goal attainment. Thompson (1967), borrowing the distinctions between the technical, managerial, and the institutional level within organizations formulated by Parsons (1960), discussed “task environments,” which included the units with which an organization had input and output transactions. When the task environment is heterogeneous and dynamic (as opposed to homogeneous and stable), Thompson postulated that an organization’s
boundary-spanning units would be functionally differentiated to correspond to segments of the task environment. The units would be decentralized, monitoring and planning its responses to changes in its segment of the task environment (Thompson, 1967, p. 27-28).

While the concept of turbulence might seem trite today, this earlier literature informs us that organizations had a role to play in adapting (and adopting) its structures and processes to become congruent with its environment. The earlier focus of the new institutionalists minimized the role of organizations, shifting instead to an approach that was more environmentally deterministic.

The work of Selznick over the past six decades has influenced several areas of study in organizational literature and beyond. A brief discussion of Selznick’s contribution to the normative dimension of organization theory, with the explicit assumption that organizations can proactively act to become congruent with its environment, followed by a description of March and Olsen’s contribution and the intellectual influence of Berger and Luckmann appear warranted before one embarks on a discussion of new institutionalist thought.

**Philip Selznick**

Philip Selznick’s work spanning over five decades, whose intellectual roots hark back to Robert Merton as well as Chester Barnard, has been emulated by many a researcher in a variety of fields. His study of the Tennessee Valley Authority, a decentralized government agency formed during the Depression to stimulate the economic status of the Tennessee Valley, was the basis of much of his earlier work. The agency was created to supply hydro-electric power and control flooding, amongst other lofty goals. The localized nature of governance, where officials of the agency were situated at the site to
work on implementation plans with the local population and local agencies, also lent itself to agency officials employing cooptation as a strategy to muster local support and legitimacy. However, while the TVA gained local political support by including local leaders into the agency’s decision-making structure, it came at a price: many of the lofty goals of the agency were displaced. For instance, increase in land value that adjoined projects did not benefit the public but instead went to private gain, and lumber interests usurped reforested land that was meant for watershed (Selznick, 1949).

Selznick emphasized that although organizations are “instruments designed to attain specific goals,” they also are “adaptive organisms” that take on a life of their own (Selznick, 1948, p. 29), where their very reason for existence and purpose undergoes a change so as to continue its operation. However, even these instruments can “never succeed in conquering the non-rational dimensions of organizational behavior” (Selznick, 1948, p. 25). He writes:

“Whereas some consequences of our actions occur as planned, others are unanticipated; social actions are not context-free but are constrained, and their outcomes are shaped by the setting in which they occur. Especially significant are the constraints on action that arise from “commitments enforced by institutionalization…Because organizations are social systems, goals and procedures tend to achieve an established, value-impregnated status. We say that they become institutionalized” (Selznick, 1949, pp. 256-257).

These non-rational aspects that Selznick alludes to is due to the holistic character of organizational participants, who bring in their whole being into the organization (including their non-formal side), as well as due to organizational structures, which includes linkages between the formal features with informal systems, such as participants’ links outside the formal organization. Organizational participants possess certain characteristics as they enter the organization, and develop commitments as
members, which restrict their ability to act rationally. Procedures and ends become hazy, so much so that at times organizational procedures become valued as ends themselves. Organizations compromise their goals by entering into an agreement with elements in its environment, restricting future action and opportunities (Selznick, 1949).

In his later writings, Selznick focused on the positive aspects of these constraints. “An organizational weapon” could be established if organizational participants are committed and united to a common purpose (Selznick, 1952). Selznick claimed that studying organizations “requires a genetic and developmental approach, an emphasis on historical origins and growth stages, There is a need to see the enterprise as a whole and to see how it is transformed as new ways of dealing with a changing environment evolve” (Selznick, 1957, p. 141). The processes by which an organization “takes on a special character” and “to achieve a distinctive competence or, perhaps, a trained or built-in incapacity” (Selznick, 1957; 1996, p. 271), is termed institutionalization. A morally “neutral idea,” institutionalization is the “emergence of orderly, stable, socially integrating patterns out of unstable, loosely organized, or narrowly technical activities” (Broom and Selznick, 1955, p. 238). Selznick suggests that “perhaps the most significant aspect of institutionalization is infusion with value beyond the technical requirements of the task at hand” (Selznick, 1957; Selznick, 1996, p. 271). Selznick’s stress was on the processes that take place within organizations, which over time, imbue them with a set of values. As Selznick comments:

“…values do have a central place in the theory of institutions. We need to know which values matter in the context at hand; how to build them into the organization’s culture and social structure; and in what ways they are weakened or subverted” (Selznick, 1996, p. 271).
His distinction of the formal and the non-formal aspects of the organization allowed him to express the ideas that while organizations are designed as formal structures to solve problems of coordination, they also, through the process of institutionalization, are able to generate informal solutions to problems as they arise. As the organization proceeds to develop, and through the passage of time, solutions are infused into the formal structure, where the “infusion will typically consist of different norms and conventions, which can either be built into the functional and role divisions of the formal organization or can be found as internalized values with the participants in the organization and therefore be included as an element of the culture of the organization” (Knudsen, 1995, p. 151; Selznick, 1957).

As organizations become “infused with value,” the participants’ main focus is on ensuring the continuity of these values. The organization acquires a distinct identity, acquiring a certain character, by the embodiment of these values. Preserving these sets of values is the key challenge faced by organizations, a task that has to be undertaken by leadership. The responsibility of leadership includes:

“…accepting the obligation of giving direction instead of merely ministering to organizational equilibrium; in adapting aspiration to the character of organization, bearing in mind that what the organization has been will affect what it can be and do; and in transcending bare organizational survival by seeing that specialized decisions do not weaken or confuse the distinctive identity of the enterprise” (Selznick, 1957, p. 149).

The leader is not simply seen as an “interpersonal agent” working to establish peace between conflicting intra-organizational interests, but as an “institutionalization agent,” whose task is to imbue the organization with values, and develop its character and
distinct identity. The onus is on the leader to not focus on short-term opportunities, but to look at the distinct competencies of the organization as well as its long term interests:

“The important point is that decision-making in the light of long-run benefits presumes a concept of the institution. The enterprise as a going concern, as a relational entity, becomes the focus of policy and strategy. This has nothing to do with formal incorporation. It has to do with all the empirical requirements of organizational survival, including survival as a certain kind of organization” (Selznick, 1969, p. 47).

Contrasting the “firm as a moral community” (as different from the “firm as an arena for strategic behavior,”) Koza and Thoenig write that while

“…organizational actors hold resources that may drive decision-making and the taking of action…unitary or strong preferences for specific decision-making outcomes are not a necessary and permanent condition for cooperation. By treating preferences as endogenous, this view defines the role of management, not as activities aimed at building and administering an incentive economy, but as actions designed to help structure and change more or less plastic preferences…as in any society, a center exists in the firm which functions as a central value system…” (Koza and Thoenig, 2003, p. 1221).

Christian Knudsen, commenting on Selznick’s contributions to organizational theory, noted:

“Nothing prevented an agent from both acting rationally and being a rule follower…rational action consists in choosing a series of pre-commitments through which one, by voluntarily binding oneself to various rules, attempts to escape inconsistent dynamic behavior and hence shapes one’s own character or role” (Knudsen, 1995, p. 161).

In sum, there is a role for the contributory organization to chart its future.

**March and Olsen**

March and Olsen (1989), while questioning the efficacy of rational choice theory, formulated a notion of organizations (and public organizations in particular) that sought to understand social behavior as the development of rules of “appropriate” behavior, routines and repertoires of procedures. Building on work generated from the 1950’s such
as “bounded rationality” (March and Simon, 1958), organizational politics (Cyert and March, 1963), “garbage-can” decision-making (Cohen, March, and Olsen, 1972), and symbolism and organizational action (Levitt and March, 1988), they postulate that life within organizations is unpredictable, and that attempts at formal reform of public organizations are likely to not be successful. They reject rational choice and emphasize that in institutions “historical traditions as they are recorded and interpreted are more important” and “a calculus of identity and appropriateness is more important” (March and Olsen, 1989, p. 38).

They propose that a “logic of appropriateness,” a form of action based on “obligations” that organizational actors have to fulfill, is based on standard operating procedures. These procedures “embody collective and individual identities, interests, values, and worldviews, thus constraining the allocation of attention, standards of evaluation, priorities, perceptions and resources” (p. 24). Individuals behave according to a set of rules and routines which define the appropriateness of their actions. They write:

“Political institutions are collections of interrelated rules and routines that define appropriate action in terms of relations between roles and situations. The process involves determining what the situation is, what role is being fulfilled, and what the obligations of that role in the situation are” (p. 160).

When there are no unambiguous rules, the individual will size the array of choices and dip into a “garbage can” of possible solutions – implying the randomness of solutions to new problems (p. 12-13). March and Olsen state that “action is based on a logic of appropriateness, and justification (is) based on a logic of consequentiality” (p. 162). As decisions are made with limited information and “bounded rationality,” the decision-
makers provide a retrospective justification for their decisions, which become socially acceptable, or appropriate – rather than a means-ends calculation prior to their choice of decision or action.

Beyond rules, conventions, roles, and routines, institutions bring about a “division of labor” (p. 30). This “division of labor” within organizations provides the framework for interaction, which in the end lead to preferences and trust. March and Olsen, through a set of propositions, suggest that people who share the same desires and wants, and who get to know and like each other, will develop (and reinforce continuously) appropriate behavior through a feedback process (p. 45). Preferences and interests are generated due to the processes of organizational relationships, without much regard to exogenous forces – which imply that a conflict might arise between logics of appropriateness. As a result, and as a way of resolving these conflicts, March and Olsen assert that quite often, choice-making is purely symbolic, reassuring constituents of the existence of rationality, which hardly exists, an idea also espoused by Meyer and Rowan (1977). “The idea of intelligent choice is a central idea of modern ideology, and political institutions are dedicated to that vision of life” (March and Olsen, 1989, p. 50). The implication is that institutions are effective in portraying a modicum of rationality where none might exist, where ostensibly the interests of the constituents are considered, and where an image is created that the institution is managed effectively by leaders. March and Olsen emphasize the uncertainty and unpredictability of consequences regarding institutional change. As in their view a lot of organizational action is symbolic, true reform program implementation is rarely successful. Even when change is initiated, March and Olsen, citing Philip Selznick’s work on the TVA amongst other studies, note:
“…institutional change rarely satisfies the prior intentions of those who initiated it…Institutions develop and redefine goals while making decisions and adapting to environmental pressures, and initial intent can get lost” (p. 65-66).

Seeking to inquire into ways to design institutions to accomplish the objectives of “popular sovereignty,” the authors draw a distinction between “aggregative” and “integrative” theories of politics. Aggregative theories “commonly presume an order based on rationality and exchange,” and speedy responses to the needs and interests of constituents, while integrative theories “commonly presume an order based on history, obligation and reason” (p. 118). Integrative processes have trust as their base. March and Olsen favor an integrative perspective on account of its potential to foster a greater equality of interests. They write:

“…political actors are driven by institutional duties and roles as well as, or instead of, by calculated self-interest. In short, the organization of political like makes a difference, and institutions affect the flow of history” (p. 159).

March and Olsen have made significant contributions to our understanding of organizations. Placing March and Olsen squarely into the “historical institutionalist camp,” Scott suggests that as the “historical groups takes a social-constructionist position…analysis from this perspective is aimed at providing a detailed account of the specifics of institutional forms because they are expected to exert strong effects on individual behavior, structuring agendas, attention, preferences, and modes of acting” (Scott, 2001, p. 34). These elements identify the roles that actors should play in terms of prescribed norms of behavior, which are internalized by these actors through their socialization into institutions (Zucker, 1988). Actors are not presented as “knowledgeable and capable agents” (Giddens, 1984), so the “capabilities and
preferences, that is, the very nature of the actors, cannot be understood except as part of some larger institutional framework” (Krasner, 1988, p. 72). Individual preferences are unpredictable to the degree that it results from choices – rather than preferences leading to choices. In addition, as March and Olsen invoke a historical development process when they look at the establishment of structures, “there is no assurance that (these individuals) will produce what they intend. Current choices and possibilities are constrained and conditioned by past choices” (Scott, 2001, p. 34). Actors are not treated as agents who try to make sense of their world and comprehend pressurizing forces that they need to tackle in their everyday life. March and Olsen describe the conduct of the actor, rather than to analyze the reasons why they act in a certain way. They do not analyze the subjective insights that render existing institutional rules as legitimate, rules that are reproduced due to repetitive behavior by agents. However, despite bounded rationality and the possibility of unintentional consequences, actors have the ability to make a difference. They routinely interpret the world around them and establish “knowledgeability” (perhaps not rationality) in their attempts to make practical knowledge more accessible (Giddens, 1984). Thus, Selznick’s suggestion of ideal leadership appears to be dismissed by March and Olsen, the latter giving primacy to rules and routines as dictates for action. Institutions, while constraining (and enabling) specific choices to actors, also shape their choices and their relative preferences, a concept echoed by Powell and DiMaggio (1991). Even external control of an organization is diminished as the actors, through symbolic management or window-dressing, stage a front signaling legitimacy.
**Influence of Berger and Luckmann on New Institutionalist Thought**

New institutionalism’s emphasis on the cognitive is to a large measure founded on the work of Berger and Luckmann (1967). Their “social construction of reality” (p. 15) was based on the notion that social reality was a consequence of humans interacting with one another. They postulated that the actions that were produced, and repeated, signifying stability (and similarity) in meaning within the actors and others, were largely influenced by social processes that mediated language and cognition. They paid attention not so much to norms and rules, but rather to the establishment of knowledge and belief systems. Common systems of meaning were created in three stages:

- **Externalization** – the creation of symbolic structures by social interaction where shared meanings amongst participants comes to the fore; **Objectification** – a process where these “institutions, as historical and objective facticities, confront the individual as undeniable facts. The institutions are there, external to him, persistent in their reality, whether he likes it or not” (p. 60); and **Internalization** – “by which the objectivated social world is retrojected into consciousness in the course of socialization.” (p. 61). This three-step process leads to institutionalization. They suggest that institutions are symbolic systems that are “experienced as possessing a reality of their own, a reality that confronts the individual as an external and coercive fact “(p. 58).

As Scott (2001) notes about the “new cultural scholars,” referring to Berger and Luckmann amongst others, “Such approaches direct “attention away from the internalized, subjective nature of culture and treat symbols as real, objective phenomena” (p. 40). One of the implications of Berger and Luckmann’s work is that the individual actor is often seen to behave not on the basis of his or her own intentionality, but more to
adhere to the rules as reflected by external notions of behavior. Meyer, Boli, and Thomas note:

“Most social theory takes actors (from individuals to states) and their actions as real, a priori, elements…(In contrast) we see the “existence” and characteristics of actors as socially constructed and highly problematic, and action as the enactment of broad institutional scripts rather than a matter of internally generated and autonomous choice, motivation, and purpose” (Meyer, Boli, and Thomas, 1987, p. 13).

**New Institutionalism**
The strong normative orientation of Selznick’s work adds credence to the notion of the organization playing a strong role in its development of a set of values and norms in which they operate. They take an active role in creating their future, and not just seen as passive entities. The new institutionalist perspective, with its strong environmental deterministic slant, leaves hardly any room for the organization (or the organization’s leadership) to act on its own. Autonomy, distinct identity, or core competencies of the organization are given short shrift, as the environment is seen to control organizations. Powell and DiMaggio rejected Selznick’s theory of how an organization’s rational mission can be subverted by other interests, by making a distinction between the “old institutionalists” and the “new institutionalists” locating “irrationality in the formal structure itself, attributing the diffusion of certain departments and operating procedures to inter-organizational influences, conformity and the persuasiveness of cultural accounts, rather than the functions they are intended to perform” (Powell and DiMaggio, 1991, p. 13).

Moving beyond technical and economic considerations (efficiency concerns), Meyer and Rowan (1977) and Zucker (1977) suggested that the increasing rationalization of cultural rules and beliefs provided the basis for the structure and process of
organizations. They proposed that organizations were a complex of cultural elements that are rationalized by the actions of regulatory agencies, professional associations, and influential institutions like the media. These institutional processes created both structural and cognitive constraints, not only ruling out some available options as unfeasible, but also restricting organizational actors’ imaginations by limiting some options as unimaginable. The presence of formal structures signifies an organization’s conformity to prevailing standards. The emphasis is on the organization’s conformity to rationalized rules and requirements that is necessary for the receipt of appropriate and relevant resources and social support (and the perception of legitimacy), and not so much on technical and economic performance. As suggested by Meyer and Rowan:

“…independent of their productive efficiency, organizations which exist in highly elaborated institutional environments and succeed in becoming isomorphic with these environments gain the legitimacy and resources needed to survive” (Meyer and Rowan, 1977, p. 352).

DiMaggio and Powell (1983) expanded on this concept, and suggested that the mechanisms of coercive, normative, and mimetic isomorphism diffused the institutionalized rules and practices amongst organizations as they mimicked the actions of other organizations in order to reduce uncertainty and acquire legitimacy. The institutional context provided the “templates for organizing” (DiMaggio and Powell, 1991, p. 27). They emphasized the notion of organizational fields, which they defined “those organizations that, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products” (DiMaggio and Powell, 1983, p. 143). As Scott states “the notion of field connotes the existence of a community of organizations that partakes of a common meaning system and whose participants interact
more frequently and fatefully with one another than with actors outside of the field” (Scott, 2001, p. 84). The notion of an organizational field also connotes that the environments of organizations could themselves be organized, and “challenge and supersede earlier concepts, such as environment, which favor a passive construction” (Scott, 2001, p. 136).

Societal expectations of organizations to act in a certain way govern to a large extent an organization’s behavior and structure (Scott and Meyer, 1994). Thus, for an organization to act in that certain way, it has to adhere to prescriptions that are based on several institutional norms or rules in its quest to achieve congruency, or become isomorphic with its normative environment (DiMaggio and Powell, 1983). Such rules:

“…take the form of cultural theories, ideologies, and prescriptions about how society works or should work (emphasis added)…institutionalized cultural rules define the meaning and identity of the individual and the patterns of appropriate economic, political, and cultural activity” (Meyer, Boli and Thomas, 1987, p. 9).

As Tina Dacin writes:

“Thus, the institutional framework is primarily concerned with an organization’s relationship or fit with the institutional environment, the effects of social expectations (prescriptions) on an organization, and the incorporation of these expectations as reflected in organizational characteristics…It is postulated that this fit occurs through the process of ‘institutional isomorphism’” (Dacin, 1997, p. 48).

Generally, normative systems impose constraints on the behavior of actors. The notion of “roles” or “conceptions of appropriate goals and activities for particular individuals or specified social positions” (Scott, 2001, p. 55) are also expectations on how actors are supposed to conform. However, simultaneously, they also imply that they confer rights, privileges and duties. There are a number of sources of pressures exerted on an organization to conform to institutional norms. While some institutionalists have
argued that isomorphism is a consequence of the connectedness of organizations (DiMaggio and Powell, 1983; Hinings and Greenwood, 1988; Rowan, 1982; Singh, Tucker and House, 1986; Tolbert and Zucker, 1983), others have looked at the broader environment (Carroll, 1987; Christensen and Molin, 1995). For an example of the latter perspective, Edelman found that employee grievance procedures that were not part of any law or mandate were established by organizations that were influenced by its normative environment, a by-product of the civil rights legislation on human resources management practices (Edelman, 1990, 1992).

**Concept of Legitimacy**

The term “legitimacy” has been conceptualized in various ways by theorists. Weber observed that as long as contemporary social norms supported it, power becomes legitimated as authority. His work on administrative systems, where he delineated prevailing power structures as traditional, charismatic or bureaucratic, suggested that actors’ beliefs in these structures dictated the stability and workings of the system (Weber, 1968). He made a distinction between general social norms, and what he termed the “coercive apparatus…whose special task it is to hold themselves ready to apply specially provided means of coercion (legal coercion) for the purpose of norm enforcement” (Weber, 1968, p. 313). Parsons noted that the chief task of an organization’s normative function “must be the legitimation of this goal in terms of the functional significance of its attainment for the superordinate system” (Parsons, 1960, p. 21) – referring to the notion that as organizations were subsets of the social system, their goals should align with prevailing social values and norms. Jeffrey Pfeffer and his colleagues adopted an instrumental view of legitimacy, depicting it as a resource; a
resource that is contested amongst organizations. A high degree of control is accorded to the organizational actor. From this perspective, legitimation is “purposive, calculated, and frequently oppositional” (Suchman, 1995, p. 576).

Since the new institutionalists view the environment as deterministic, “cultural definitions determine how the organization is built, how it is run, and simultaneously, how it is understood and evaluated. Within this tradition, legitimacy and institutionalization are virtually synonymous” Suchman, 1995, p. 576). As Scott states, “from an institutional perspective, legitimacy is not a commodity to be possessed or exchanged but a condition reflecting perceived consonance with relevant rules and laws, normative support, or alignment with cultural-cognitive frameworks” (Scott, 2001, p. 59). Thus, the role of the organizational actor is reduced. As legitimacy was perceived as “something operating largely at the subconscious or preconscious level…there did not seem to be much chance that organizations would be reflectively aware of it and use deliberate strategies to manipulate it” (Zimmerman and Zeitz, 2002, p. 421; Suchman, 1995).

Thus, an organization that purposely seeks to become congruent with elements of its environment to enhance or maintain legitimacy is not accorded due space in the new institutionalist literature, a break from the thought of the earlier institutionalist thinkers.

Suchman (1995), in attempting to provide a definition that would capture different perspectives, defined legitimacy as:

“…a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (p. 574).
It is “generalized” because it transcends isolated instances. An organization can deviate from societal norms and yet be considered legitimate because this isolated instance is unique (Perrow, 1981). Legitimacy is a perception or assumption as it’s how observers view the organization, “as they see it” (Suchman, 1995, p. 574). Legitimacy is “socially constructed” as it implies an alignment between the focal organization’s behavior and the “shared beliefs of some social group” (Suchman, 1995, p. 574).

“Uncertainty, turbulence, uniqueness, and complexity in the environment provide openings for organizations to strategically put forth practices or models that strike external actors as appropriate of effective, thus conferring legitimacy” (Zimmerman and Zeitz, 2002, p. 422; Oliver, 1991; Scott, 2001). Zimmerman and Zeitz (2002), writing on new venture growth and legitimacy, offer a strategy of “creation” (in addition to the strategies of conformance, selection and manipulation offered by Suchman, 1995) whereby a “creative new venture can act as a pioneer and establish the basis of legitimacy for those that come after it” (p. 425). An organization can

“acquire legitimacy by introducing a new product, service, and/or practice that shocks, violates, offends, and/or contradicts the existing social structure…Institutional entrepreneurship refers to the practice of creating norms, values, beliefs, expectations, models, patterns of behavior, networks, or frames of reference consistent with an organization’s identity and current practice, and then getting others to accept these norms, values, and so forth” (p. 425).

By “moral legitimacy,” Suchman (1995) refers to the positive normative evaluation of an organization, purpose and actions. It rests on judgments that “usually reflect beliefs about whether the activity effectively promotes social welfare, as defined by the audience’s socially constructed value system” (p. 579).
The Three Pillars of New Institutionalism
Since institutions can influence organizations and participants in several ways, and because “legitimacy can be secured in many forms,” there are various ways on how institutions can be created, sustained, and become influential (Wicks, 2001, p. 664; Ruef and Scott, 1998). Scott arranges the various perspectives of new institutionalism into three pillars. The regulative pillar focuses on the role of institutions that guide behavior by means of “rule-setting, monitoring, and sanctioning activities” (Scott, 2001, p. 52). “Coercion” thus is a key aspect of the regulative pillar, a main ingredient of institutional influence that pressurizes an organization to conform. Based on a rational-actor model of behavior, this framework suggests that it is in the organization’s best interests to do so. Scott uses the term logic of instrumentality (Scott, p. 52), similar to the logic of consequentiality (March and Olsen, 1989, p. 161), “which motivates compliance – agents make rational choices in a forward-thinking manner, pursuing self-interest in the context of rules, surveillance and threat of sanction” (Wicks, 2001, p. 664; Oliver, 1991).

The normative pillar focuses on how institutions guide behavior by defining what is expected or appropriate. As organizations have a social obligation to align with prevailing norms and values, based on a logic of appropriateness (March and Olsen, 1989, p. 161), institutions can exert influence. As Wicks (2001) states:

“This view is one of a subjective social reality in which expectations are perceived or enacted, often incorporated into daily routines. These behavioral patterns come to define roles, beliefs in the appropriate action required for people in particular social positions” (p. 664).

Scott’s third pillar, the cultural-cognitive, stresses that “compliance occurs…because other types of behavior are inconceivable; routines are followed because they are taken for granted as ‘the way we do these things’” (Scott, 2001, p. 57). Social
roles are depicted in a different slant within this framework – “Rather than stressing the force of mutually reinforcing obligations, cultural theorists point to the power of templates for particular types of actors and scripts for action” (p. 58). Thus, while actors are afforded the freedom to act, they do so in “subjective roles that carry with them certain expectations which serve to not only create value through group membership, but also to sustain group characteristics through ongoing interaction…which contributes to defining values, beliefs…and hence what behaviors become taken for granted, because others are never considered” (Wicks, 2001, p. 665).

A situation might arise when an organization is faced with institutional pressures from a variety of sources, each representing a different pillar (Scott, 2001). For example, an organization may follow guidelines based on certain moral obligations that may, indeed, even be in contravention of legal requirements. In addition, an organization faced with a set of normative requirements may find it difficult to act as conforming to one set might “undermine the normative support of other bodies” (Scott, 2001). “The legitimacy of a given organization is negatively affected by the number of different authorities sovereign over it and by the diversity or inconsistency of their accounts of how it is to function” (Meyer and Scott, 1983, p. 202)

Of the three pillars or elements that constitute institutions, namely regulative, normative and cognitive, in Scott’s typology (2001), the cognitive elements, or the “rules that specify what types of actors are allowed to exist, what structural features they exhibit, what procedures they can follow, and what meanings are associated with these actions…the new institutionalism has emphasized the importance of these cognitive facets of institutions” (Ruef and Scott, 1998, p. 879). Referring to Fligstein (1985) and
Westphal and Zajac’s (1994) research, Ruef and Scott assert that “The prevalence or density of a form or practice is often employed as an indicator of cognitive legitimacy” (Ruef and Scott, 1998, p. 879).

Rules and symbols that convey the nature of reality, and through which one constructs meaning and action, imply that much of new institutionalist thought relies on a cognitive framework – even in contrast to the earlier institutionalists, as represented by Philip Selznick. In addition, the new institutionalists focus on the deterministic aspect of the environment, occupied as they are with the question of how organizations are influenced by institutionalized rules, rather than on how organizations become (emphasis added) institutions.

One can observe that the relative autonomy of the organization (i.e., its executives and its members) to control or influence uncertainty in its environment through its discretion is now replaced by an emphasis on external influence. Independent action by the organization is downplayed, with focus now on externally generated symbols, activities and forms. Hirsch (1997) writes:

"The organization itself is conceived as more of a passive collection point, to administer activities and to house and transmit new cultural accounts, following the legitimate rules and agendas institutionalized at a higher level. Rather than actively negotiate or co-opt elements of their environment, organizations...are instead, penetrated by an institutionalized culture, to which their decisions, activities, and routines all comply." (p. 1718-1719).

Structural issues like power, resources, and competition are thus downplayed in this perspective.

The inadequate emphasis placed by the new institutionalists on social contracts built on shared norms and values becomes all the more glaring when the organizational
environment is turbulent. Uncertainty in the environment, which normally would have been managed internally by the organization through its internalized set of moral and ethical values and norms, is now handled mysteriously which can further foster distrust. If the boundaries of organizations are blurry, and organizations have to act in accordance with external scripts not of their own creation, there is nothing “organizational” that one can study (Donaldson, 1995). "Organizations as units, like most other intermediate units in society operating between interacting individuals and their external societally framed cognitive scripts, become treated (and delegitimated here) as no longer a serious source of ideas, activities or social change." (Hirsch, 1997, p. 1719).

**Role of Agency**

As Scott (2001) points out, the relative inattention to the role of agency accorded by adherents of new institutionalism has been critically analyzed by many. For instance, Barley and Tolbert (1997) have written that “more often than not…institutionalists have concentrated on an institutions’ capacity to constrain actors and actions” (p. 95); Hirsch (1997) pointed out that the new institutionalists, while focusing on rules and ideas, paid less attention to “the capacity for individuals and collective actors to act, and pursue independent goals”(p. 1714); Hall (1992) wrote about the “distressing tendency to turn everything into myth and legend (p. 77); and Oliver (1991) emphasized the “lack of attention to role of organizational self-interests and active agency” (p. 145).

As Arthur Stinchcombe wrote on the “virtues of the old institutionalism,” indicating its moral basis:

“…the trouble with the new institutionalism is that it does not have the guts of institutions in it. The guts of institutions is that somebody really cares to hold an organization to the standards and is often paid to do that. Sometimes that somebody is inside the organization, maintaining its
competence. Sometimes it is in an accrediting body, sending out
volunteers to see if there is really any algebra in the algebra course. And
sometimes that somebody, or his or her commitment, is lacking, in which
case the center cannot hold, and mere anarchy is loosed upon the world”
(Stinchcombe, 1997, p. 18).

Since the mid-1980’s, various research has been conducted that gives more
credence to the role of agency within organizations. As an example, Scott (2001) briefly
describes a study conducted by Leblebici and colleagues (1991) that looked at the
changes within the U.S. radio broadcasting industry occurring between 1920-1965. They
identified three stages that were different with regard to who the dominant players were,
what served as their medium of exchange, and which institutionalized practices
constituted the nature of these exchanges. The central question of the study was “Why do
those who occupy the positions of power in the existing institutions willingly change its
practices” (Leblebici et. al., 1991, p. 337)? Their analysis led to the suggestion that
change was mainly endogenous, involving innovations that were brought in by less
dominant players, but which were later adopted by leading members as a result of
increased competition. As their practices became conventions when used repetitively,
they consequently became “institutional practices by acquiring a normative character,
when sustained through some form of legitimacy” (p. 342).

But how do organizations adopt legitimated processes or structures, and how does
change occur? As DiMaggio and Powell state “…something has been lost in the shift
from the old to the new institutionalism” and “…the goal must be a sounder
multidimensional theory, rather than an one-sidedly cognitive one” (DiMaggio and
Powell, 1991, p. 30). One of the major criticisms of the new institutionalism is its focus
on the causes and consequences of organizational persistence and continuity (Dacin,
Goodstein and Scott, 2002). As put by Greenwood and Hinings (1996): “From the point of view of understanding change, the old institutionalism suggests that change is one of the dynamics of organizations as they struggle with differences of values and interests. The new institutionalism emphasizes persistence” (p. 1032). As such, issues of changes in organizational and institutional norms had not been at the forefront of research until recently. And the role of change and human agency has been accorded a higher place in recent research (Kondra and Hinings, 1998). As examples, perspectives on structuration (Barley and Tolbert, 1997), co-evolution (Baum and Singh, 1994; Flier et. al, 2003), and path-dependence (North, 1990) have been offered as alternatives, shifting focus to the notion of human agency. These approaches have one commonality; that action is intentionally rational, but within the constraints of “circumstance, past action and existing norms” (Carney and Gedajlovic, 2002, p. 2). In fact, a recent special issue of the Academy of Management Journal was devoted to the topic of “institutional theory and institutional change” (2002, Volume 45, No. 1), signifying its strong interest amongst contemporary researchers. It is interesting to note that Selznick is given due credit. In the introduction to the special issue, Dacin, Goodstein and Scott note:

“Institutional change can also put at issue the character and integrity of organizations. Institutionalization as a process within organizations establishes a kind of character defined by the organization’s commitments to values and principles (Selznick, 1957; 1992). As these normative commitments deepen both within the organization and among stakeholders, there is a movement from organization to institution (Selznick, 1992; 1996). These commitments become the basis for a kind of normative rationality (Oliver, 1997) that legitimates organizational choices in reference to an organization’s mission and values and sustains organizational integrity, defined as fidelity to self-defined values and principles (Paine, 1994; Selznick, 1992)…This dynamic tension between institutional integrity and responsiveness, and the role of leadership in this process of adaptation, has not been fully explored by organizational
scholars, even though the ability to manage this tension is acknowledged as a central determinant of long-term organizational growth" (p. 53).

Using the social movement metaphor to describe institutional change, Hensmans (2003) writes that the “emerging focus on strategic agency in neo-institutional theory especially draws attention to the co-evolution of incumbents and challengers driving the transformation of fields” (p. 356). Strategic choice has been defined as “the process whereby power-holders within organizations decide upon course of strategic action” (Child, 1997, p. 45; 1972). As depicted in the literature, it was:

“…fundamentally concerned with the relationship between agency and the environment. The ability of decision-makers (agents) to make a ‘choice’ between policies was seen to depend ultimately upon how far they could preserve autonomy within the environment, through achieving the levels of performance expected of them. The term ‘strategic’ was used to signify matters of importance to an organization as a whole, particularly those bearing upon its ability to prosper within an environment where it faces competition or the need to maintain its credibility” (Child, 1997, p. 48).

Organizations are more likely to exert choice and influence when its institutional environment is weak (Tolbert and Zucker, 1996; Lawrence, 1999). As Barley and Tolbert (1997) point out, “Institutions that have a relatively short history or that have not yet gained widespread acceptance are more vulnerable to challenge and less apt to influence action” (p. 96; Oliver, 1991, pp. 169-170). Goodrick and Salancik (1996), in a study of hospitals and birth practices, provide three conditions when institutional standards are uncertain. First, while goals may be institutionally specified, the “means to the goals are unspecified…beliefs and myths about proper purposes have the quality of social fact and are used to rationalize practices,” even though the practices may vary (p. 4). Second, institutional uncertainty can arise when the “knowledge base for practices is not clear cut. The causal link between a practice and the institutions supporting it may
be ambiguous, unknown, or inconsistent. In such a case, a community of practitioners will agree about the institutional goals that regulate them but may agree only on some means for achieving them while disagreeing about the value of others.” Third, institutional values are themselves uncertain, “such that beliefs about legitimate purposes are in conflict or even contradictory. Complex societies typically hold conflicting goals and beliefs, any of which can be used to rationalize and justify particular practices. And the practice that might be seen as illegitimate by one standard could appear quite legitimate by another” (p. 5). They suggest that with the “discretion resulting from uncertain prevailing institutional standards, organizational or individual interests may frame strategic choices” (p. 4).

Recent discussion on the subject of human agency has clarified its meaning. Actors are not only repeaters of past routines, but they also can invent new possibilities of thought and action for the present and the future. As Emirbayer and Mische (1998) maintain while commenting on their notion of a “projective dimension of human agency:”

“…we must shift our analytic attention away from actors’ orientation toward the past and focus upon how agentic processes give shape and direction to future possibilities. We argue that an imaginative engagement of the future is also a crucial component of the effort of human actors. As they respond to the challenges and uncertainties of social life, actors are capable of distancing themselves (at least in partial exploratory ways) from the schemas, habits, and traditions that constrain social identities and institutions. This capacity for what Mead calls ‘distance experience’ enables them to reconstruct and innovate upon those traditions in accordance with evolving desires and purposes” (p. 984).
Agency and the Normative Environment

In order to formally define a normative environment, this study defers to the meaning of “normative” as expounded by Richard Scott. Note that the definition also refers to the ways of reaching stated goals:

“Normative systems include both values and norms. Values are conceptions of the preferred or the desirable, together with the construction of standards to which existing structures or behavior can be compared or assessed. Norms specify how things should be done; they define legitimate means to pursue valued ends. Normative systems define goals and objectives but also designate appropriate ways to pursue them” (Scott, 2001, page 54-55).

Research has shown that an institutional environment might have “multiple pressure points providing inconsistent cues or signals, opening the possibility for idiosyncratic interpretation and either deliberate or unwitting variation in practices” (Greenwood and Hinings, 1996, p. 1029; D’Aunno et. al., 1991; Oliver, 1991; Powell, 1991; Scott, 1991). Fligstein observed that within “ill-formed” organizational fields, there was a higher chance of organizations adopting “innovative behavior” (Fligstein, 1991, p. 316).

“Once a visible organization embarks on a new course of action, organizations in the field are more likely to adopt it if they perceive it to be effective. When a sufficient number follow suit, the strategy becomes institutionalized” (p. 317).

The notion of an “institutional fit” has been espoused by many researchers. For instance, Kondra and Hinings (1998) define institutional fit as “the degree of compliance by an organization with the organizational form of structures, routines and systems prescribed by institutional norms” (p. 750). However, institutional rules and beliefs do not necessarily remain stable. Rowan (1982), in his study of school districts, hypothesized that “As institutional environments move into crisis periods and move away
from balance in a given domain, the structures formally supported are neither likely to be adopted nor likely to be retained” (p. 263). That is, a condition of crisis “defined as the dissension among members of a social network as to the norms, values, and technical lore supporting organizational structure may also arise” (Covaleski and Dirsmith, 1988, p. 564). Covaleski and Dirsmith studied the changes adopted by the University of Wisconsin system in its budgeting approach, an act of active agency to change prevailing institutional norms of budgeting approaches and practices. The university attempted to create an alternative budgetary system that would have suited its specific interests in education and research, with an additional purpose of keeping its top faculty within the university, and with a plan of selling this alternate budget plan to the public. This move by the University to decouple its budgeting practices ultimately resulted in “powerful groups (using) their power to enforce institutional compliance when their interests were at stake” – in this case, the political leadership of the state (p. 585) – wherein the university was forced to comply with the (then) current enrollment-based method. “When the institutional practices that evolved to support a political structure were not reproduced, the enforcement policies that operated within the immediate interests of powerful groups revealed themselves” (p. 585).

**Nonprofits and Agency**
Lately, the norms of rationality and efficiency borrowed from the business world have been influential on non-profit organizations, whose prevailing model was that based on philanthropy (Bush, 1992). However, neither of these models has been fully institutionalized in the nonprofit domain. As almost all nonprofits have a financial goal – if it seeks to remain a viable institution – it often conflicts with its “bonoficing goals”
(Alexander, 1998), that is, its performance toward social good. Nonprofits have been increasingly operating at the “institutional cusp,” a term that Alexander uses to describe organizations that are powerfully pulled between two institutional logics (p. 275). As several layers of institutional logics and its various subsets constitute the base of society, these logics can sometimes overlap, leading to contradictions in practices (Friedland and Alford, 1991). With traditional boundaries between the three sectors (government, business and nonprofit) becoming more ambiguous, nonprofits are likely to face these institutional cusp pressures. Institutional pressures as a result of professional norms also increase the likelihood of conflict for “prestige, authority, and how to define the situation,” but this facet is common to all organizations with a bifurcated administrative structure of “administrators and professionals” (Alexander, 1998, p. 275). Thus, as organizations try to appease actors governed by one institutional logic, there is the danger of offending the values of other actors who adhere to another institutional logic:

“Compromise between two logics is a potential but unsatisfying solution to the pressures of competing institutions. Compromise can leave organizational participants believing that they are being undermined by their own organizations, as goals get distorted and the organization stops doing what it is supposed to do” (p. 275).

Recent work on nonprofit organizations in particular have demonstrated that nonprofits can act strategically to manage various institutional pressures, and in fact even “may act upon the environment themselves” (Barman, 2002, p. 1193), which is referred to by Oliver (1991, p. 157) as “manipulation,” and which Alexander calls “exploitation” (Alexander, 1998, p. 278). For example, nonprofits can alter resource flows to align with their interests (Gronbjerg, 1993), or they may modify their institutional environments by altering prevalent rules, regulations, and rationales for their own purpose (Hage, 1998), or
they might engage in “differentiation,” which occurs under a “specific external condition, the condition of competition” (Barman, 2002, p. 1193). Thus, these and other studies have extended the notion of agentic and proactive actions that nonprofit organizations can adopt.

Alexander (1998) calls a variety of strategic responses to institutional pressures as a strategy of “deflecting,” where such responses enable organizations to remain viable and are “able to buffer themselves to some extent from environmental complexity” (p. 277). Mary Tschirhart (1993), in her analysis of thirty-four nonprofit arts organizations in Michigan, found that when an organization finds itself in situations whereby it does not fit well with its stakeholders’ norms, values or activities, it may engage in symbolic management. She established a typology of misalignment with five typical responses: “(1) adapting an organization to be more incongruent with a stakeholder; (2) misrepresenting an organization to appear to be more congruent with a stakeholder; (3) manipulating a stakeholder’s values or norms to improve the stakeholder’s congruence with an organization; (4) compromising with a stakeholder; and (5) cutting or weakening ties to a stakeholder to avoid negative consequences of incongruence” (pp. 120-121). The last four responses are a form of deflecting strategy, which are consistent with the strategies outlined by Oliver (1991). Tschirhart found that when these arts organizations’ missions or its artistic integrity were challenged by external actors, the deflecting responses were used in tandem. Gronbjerg (1993) found that buffering the “technical core” (Thompson 1967) from complexity was used by various social service organizations. The core activities of these organizations were buffered from their fund-raising activities, as the latter operated in a more complex and uncertain domain. The
fund-raising functions were performed by units at the periphery of these organizations (and sometimes even outsourced), so as to enable the core functions to continue uninterrupted without concomitant distractions or institutional pressures.

These studies, and numerous others, have focused explicitly on nonprofits’ strategic approaches to become congruent with their environments, expressing the notion of agency as depicted in the literature.

**Notion of Agency and This Particular Study**

Thus, while new institutionalism has offered a wide array of riches to organization theory, it has not adequately dealt with the subject of human agency, leadership, strategy, organizational/institutional change, intra-organizational impetus, etc. (notwithstanding some very recent work in the past decade to address these issues). This study, inspired by the illuminating work of Selznick that discussed the role of core values of an organization, nurtured by an enlightened leadership, specifically talks about how an organization (and its leadership) can attain those values. It takes into account the assumption that organizations can act in its own interests, those interests defined not just by its institutional environment but by strategic action based on a normative foundation, guided by leadership. Scott (2001) writes:

“…norms may evolve through interaction, but they can also be rationally crafted. Professional bodies and trade associations often create and amend their normative frameworks and standards via more conscious and deliberative processes…some social groups are endowed with special prerogatives allowing them to exercise moral leadership in selected arenas” (p. 96).

Beyond self-interest and legitimacy concerns, an organization could commit to a core set of values that are long-term; values that can help guide an organization as it contemplates a future course of action (Collins and Porras, 2002; Selznick, 1992). These
“core ideologies” (Collins and Porras, 2002) may be formalized, as evidenced by an organization’s mission statement, or they could be informal, reflected in an organization’s practices. However, it is leadership that needs to steward these core ideologies as the basis for an organization’s action. Recently, Selznick has defined stewardship as “…the exercise of comprehensive and dedicated responsibility for a valued practice, institution, resource, relationship, or group. The responsibilities of stewardship go beyond mutuality. They call for a deeper commitment to selected objects of moral concern” (Selznick, 1998, p. 68), echoing a call for the enlightened leadership that Selznick called for almost 50 years ago – a call that is even more urgent in today’s turbulent institutional environment.

While the role of agency and various strategic approaches are discussed in the literature (Scott, 1998), this study will look at strategies proposed by Christine Oliver (1991) in particular. Oliver based her work on a resource-dependency perspective, where she emphasized the broad variety of active roles that an organization could adopt to respond to institutional pressures through strategic responses of acquiescence, compromise, avoidance, defiance, and manipulation, which vary, in sequential order, from a passive approach to one of more active resistance. While the five strategies contribute to the overall framework, the strategies of Defiance, Avoidance and Manipulation in particular will guide the approaches that will be ultimately adopted to inform how an organization can buffer the turbulence in its normative environment. These strategies will be adopted, as appropriate, to frame the analysis, and will also be supplemented by some additional research that has surfaced since the time of Oliver’s article, such as suggestions made by Suchman (1995), Alexander (1998), and Arndt and
Bigelow (2000). A caveat and a reminder: the intrinsic assumption made in this study is that the institutional environment of Council was either weak or deinstitutionalized (Oliver, 1992), or not fully developed, creating opportunities for an organization to form the rules that could provide the basis for institutionalization.

**Strategies Outlined by Christine Oliver**

Oliver (1991) outlined five major strategies, with corresponding tactics within each. However, as she provides a typology in general terms, not all tactics may be relevant and useful to this study, though all strategies are considered. Thus, this study will be selective in its strategy choice. For example, as the strategy of acquiescence is more concerned with how an organization can align with the institutional rules prevalent in its environment, this study presupposes an institutional environment that is contradictory and uncertain. As a corollary, because the “degree of dependence on institutional constituents is an important boundary condition on the probability of organizational conformity to the expectations of institutional constituents” (p. 164), it is assumed that the organization is not dependent on any key resource supplier, and is able to adopt various active strategies rather than more compliant ones. The five strategies are listed below:

**Acquiescence** – This takes several forms. *Habit* alludes to “unconscious or blind adherence to preconscious or taken-for-granted rules or values” (p. 152). An organization adopts these when institutional norms take the status of a social fact.

*Imitation*, similar to the concept of mimetic isomorphism, refers to the adoption of institutional models, particularly those models that are successful. *Compliance* is defined as “conscious obedience” to an absorption of norms, values or other institutional dictates.
This concept is more active than either Habit or Imitation as the organization acts strategically to meet institutional demands in order for it to gain resources, legitimacy or stability.

**Compromise** – Some organizations, however, may not find it in their interests to conform to institutional pressures, either because of conflicting institutional demands or due to an inconsistency between institutional expectations and internal objectives. Thus, organizations may resort to balance, defined as tactics that accommodate the demands of multiple constituents with internal interests. The interests of the organization are better served by “obtaining an acceptable compromise” (p. 153) on competing expectations. Pacifying tactics also refer to an organization conforming partially to its institutional environment, where although it resists pressures to a minor extent, the majority of its time is spent in placating the institutional sources it has resisted. “One such example would be an organization that is coming under increasing pressure to discontinue the production of a potentially harmful product: It may continue to manufacture the product but will allocate considerable financial resources to redesigning the product to fit institutional expectations and to promoting its subsequent safety” (p. 154). Bargaining tactics, connoting a more active form of compromise than pacifying, involves organizational efforts that attempt to wrangle some concessions from a member or members of its institutional environment that are a source of its expectations. As can be seen, organizations that adopt compliance as a strategy act more in their own interests than those adopting acquiescence.

**Avoidance** – Avoidance as a strategy takes three forms. Concealment refers to a tactic whereby an organization can disguise its real intention, that is, to not acquiesce to certain
pressures. It can do so, for example, by creating rational plans and procedures as expected from its environment, but with no real intent in implementing those plans.

Buffering refers to strategies engaged by an organization when it seeks to decouple its technical core from environmental influences in order to reduce external scrutiny or evaluation (Thompson, 1967; Scott, 1998; Pfeffer and Salancik, 1978; Oliver, 1991). Buffering strategies are most effective when an organization’s technical core is independent of public approval. Escape is an avoidance response when an organization leaves its domain altogether, or when it changes its objectives and activities in order to avoid conforming to institutional pressures. Thus, in contrast to acquiescence and compromise which are employed to either totally or partially conform to institutional pressures, avoidance strategies are adopted when the organization is “motivated by the desire to circumvent the conditions (emphasis added) that make conforming behavior necessary” (Oliver, 1991, p. 156).

Defiance – A more active form of resistance to pressures, defiance includes three tactics. An organization can opt to dismiss (ignore) institutional rules and values if it considers that the potential of these rules to be enforced is low, or when its internal goals are different or “conflict very dramatically” (p. 156) with institutional requirement. “The temptation to ignore authority or the force of cultural expectations is exacerbated by deficient organizational comprehension of the rationale behind the institutional pressures and the consequences of noncompliance” (p. 156). Challenge connotes a more active option than dismissal; “organizations go on the offensive” and may make a “virtue of their insurrection” when it goes against institutional requirements (p. 156). Organization may be more motivated to challenge existing norms or rules when the “challenge can be
reinforced by demonstrations of organizational probity or rationality” (p. 156). That is, challenge is more likely when an organization believes that its own internal value system and mission are situated on a higher value spectrum than any other external beliefs, albeit they may be widely shared. An organization may choose to *attack*, a more vigorous and intense form of defiance than challenge, when it “assaults, belittles or vehemently denounce” institutional values and those constituents that articulates those values (p. 157).

Oliver writes:

> “An attacking strategic posture is most likely to occur when institutional values and expectations are organization-specific rather than general or defocalized, when these values and expectations are particularly negative and discrediting, or when the organization believes that its rights, privileges, or autonomy are in serious jeopardy” (p. 157).

**Manipulation** – The most active of strategic responses, manipulation as a strategy seeks to “change or exert power” over the content of institutional expectations, or the constituents that seek to enforce them (p. 157). It’s a deliberate attempt utilized by organizations to exploit opportunities to rein in institutional pressures. As Selznick’s (1949) study of the TVA depicted, an organization can use *cooption* as a strategy by persuading outside interests to support its projects, thereby mitigating or eliminating strong opposition. A major effect is the enhanced legitimacy of the organization (albeit at a certain price to its autonomy and goals). Tactics of *influence* relate to the manipulation of institutionalized belief systems, or even the criteria or standards of acceptable practices. For example, a trade group can influence public perceptions of its trade or industry and lobby government regulators in order to effectuate changes in the institutional rules (“regulative rules”) to which its member organizations are required to
adhere. *Controlling* tactics are utilized by an organization to “establish power and dominance over those constituents in its institutional environment that seek to apply pressure on the former (Oliver, 1991, p. 158). The objective is to “dominate, rather than to influence, shape or neutralize” institutional processes (p. 158). “Organizations also may attempt to exert control over the allocation or expression of social approval by external constituents” (p. 158), either through control of the constituents’ budgetary process, or through its control of public announcements.

**Contribution to the Literature**

In discussing the new institutionalist literature, one can see a shift in the continuity of the discourse. Isomorphism replaces the notion of adaptation or tendency to control the environment; the dialogue has now shifted from the organization to the level of the institution. The concepts of the new institutionalists imply that "actions are legitimated by their accordance with a range of appropriate external cultural scripts and assumptions, rather than the conscious adherence to internalized values, social obligations, formal laws, or 'quasi-moral norms.'" (Hirsch, 1997, p. 1715). "Social constructions" or understandings, drive behavior, "that although once contested, over time become so ingrained in and synonymous with the actor's surrounding culture and own subjective identity that they now comprise the set of taken-for-granted assumptions that constitute 'normalcy,' to which no one can imagine alternatives...Within this framework of mimetic isomorphism, culturally legitimate constructions are widely understood, imitated, and carried out" (Hirsch, 1997, p. 1715). Change takes place over a long period of time, occurring slowly (DiMaggio and Powell, 1991). While an alternative script may be constructed, they must be aligned with and legitimated by the larger culture. "The
decision to adopt the unfamiliar or the unorthodox will be taken only if (a) those with
whom one socially interacts are also doing so and share the same social construction, and
(b) there already are culturally accepted working models of the (otherwise too deviant)

The social structure of any grouping amongst humans, as Kingsley Davis (1949)
suggested, can be separated into two different groups. “Always in human society there is
what may be called a double reality – on the one hand a normative system embodying
what ought to be, and on the other a factual order embodying what is…These two orders
cannot be completely identical, nor can they be completely disparate.” (Davis, 1949, p.
52). The implication is that the normative structure, with its attendant norms, values and
role expectations, is in a state of dynamic tension with the behavioral structure (“factual
order,” as Davis put it, or the consistent and regular activities and interactions of
individuals and groups) – each exerting influence on the other, but simultaneously
existing somewhat independently of the other. When there is an imbalance in the tension
in a given societal setting, the fabric of its social structure is threatened. When there are
multiple perspectives and behaviors that do not lead to a sense of cohesion or structure,
and when apparent rules and values do not embody the collectivity of society, an
organizational actor has in a sense more choice of action – albeit acting on that choice
might itself add to the prevailing confusion.

Though building on the work of previous theorists, new institutionalism suggests
a significant departure from earlier views of an organization’s capability to adapt to its
environment. Explaining new institutional approaches in sociology, Richard Scott
acknowledges: “The newer conceptual models emphasize cognitive over normative
frameworks and have focused primary attention on the effects of cultural belief systems operating in the environments of organizations rather than on intra-organizational processes” (Scott, 2001, p. 44). The notion of an organization’s ability to read the type and level of threat in its environment, and then adapt its response to meet or reduce the influence, is not sufficiently dealt with in the new institutionalist framework, particularly when the environment is turbulent. While earlier theorists offered a variety of buffering and bridging strategies that could be adopted—and adapted—by organizations, such as formal and informal co-optation, cooperation, and other ways to influence opinion¹, the new institutionalists shifted the view of the organization to the institution. The idea of organizational adaptation and the tendency to control the environment was now replaced by the idea of isomorphism. The core of this concept of isomorphism is an emphasis on the total congruence of institutions with each other, and developing a kind of critical mass that is legitimate in the broader social order. However, there is an implication that the classical views of the cognitive and normative dimensions of the environment are now merged into one.

While survival of an organization depends on its ability to anticipate and counteract the behavior of similar systems, new institutionalism has shifted its focus to the institution. The role of the organization with its repertoire of responses to environmental turbulence is now mitigated and perhaps non-existent. However, for an organization to meet or mitigate turbulence, what is necessary is to look not just at the surface, but to learn as to what exactly fuels the turbulence. Following John Dewey’s suggestion that if one wants to be truly scientific, the problems of social inquiry must

“grow out of actual social tensions, needs, troubles (Dewey, 1938, p. 499), this study will look beneath the surface to sift through the meanings and nuances that are contained in the words and expressions of the interviewees. A structural analysis will be conducted to help define what the crucial issues are, and then an organizational response set will be designed that could mitigate (in this study) the unconscious resistance to taking money that is a product of this turbulence. This unconscious resistance, and the analysis of the turbulence, can only be understood by conducting such a structural analysis to peel away the layers to get at the root of the issues. As we shall see later (Chapter Five – Analysis), while there were several issues that came to bear, with a lot of those factors pointing to a general distrust of Council’s motives and operations, they were grounded in something more underlying – anxiety, confusion, and inconsistency that came to the fore due to the instability in the normative environment.

If we assume that “the organization is a strategic base for positive goal oriented change, as opposed to reactive problem oriented change,” (White, 1973, p. 119) then one has to look critically at the environment/organization interface. While the literature reviewed above broadly discusses the development and meaning of isomorphism, this study will show how isomorphism can be actively created by an organization by adopting an approach delineated from the analysis of the data, including the development of constructs that can be adapted into future contracting standards. An examination of the dynamics of organizations/environment in the case study will provide the structure and content for this approach, within the framework of agency, specifically relating to strategies as described by Oliver (1991). It is hoped that these guidelines be officially adopted by non-profit organizations to use in situations similar to that faced by the case
This study thus focuses on developing a strategic approach that could guide organizations on how to mitigate the uncertainty when it finds itself confronted with issues as described. To do this, we looked briefly at the literature on turbulence, then turned toward new institutionalism, the “old” institutionalism, and agency. In the process, terms such as “normative environment” and “strategic approach” that’s relevant to this study were defined. However, the notion of active agency also means that it is quite possible that a change in the institutionalized structure may lead to a threat to an organization’s legitimacy, and even more so for an organization that is in the forefront of structural innovations (Arndt and Bigelow, 2000). As Arndt and Bigelow write:

“Since they do not know whether they will set in motion a process leading to institutional isomorphism or whether they will set in motion a process leading to loss of their own legitimacy, they face the challenge of maintaining legitimacy while embarking on a course that threatens it” (p. 495).

As noted previously, the premise of this study is that society has not come to a resolution as yet on the topic under consideration (acceptance of funds from a controversial source). Can analysis of the structural layer of the causes of normative turbulence offer helpful insights into the process of how organizations can deal with the means of changing “problem” environments? While the normative environment alludes to the social and cultural elements of the institutional environment, including rules, values, norms and other requirements to which organizations must adhere if they wish to be seen as legitimate, in this case study, some of the questions that come to mind are: Are there specific standards (written or unwritten) that bind players in the prevention field or for that matter the fundraising field when it comes to acceptance of funds from a
corporation that manufactures alcohol, tobacco or firearms (or other legitimate products)? What are the norms and values that govern such a relationship (between Philip Morris and National 4-H Council)? Have societal attitudes toward the issue of tobacco production and prevention undergone a change the past few decades? Can an organization become congruent or isomorphic with the norms that envelop it, and if so, how? Is it necessary for organizations to be viewed as a legitimate player in the environment in order for them to meet their mission? Under what circumstances can organizations use these standards or guidelines? Are there certain criteria that need to be met, or are there unique characteristics that an organization needs to possess prior to its management of the turbulence? These are some of the issues that will be explored.

However, it might be worth bearing in mind the admonition of Gronbjerg (1993), who argued that the pattern and amount of funding dictated a nonprofit’s strategies to environmental complexity:

“Nonprofit revenue sources differ in the nature of the exchange relationships they create (customers versus clients), the degree and type of competition they involve (few versus many competitors, protected versus open competitive systems), the extent to which they provide predictable and controllable funding, and the degree of dependency they encourage (broad versus narrow). These features have important internal consequences for the organizations, particularly for the structure of power and management control, the range of strategies to manage staff, and the extent and nature of planning efforts they pursue” (p. 24).

That is, the implicit assumption of this study is that organizational resources are forthcoming in order to effectuate strategies that can mitigate environmental turbulence.
CHAPTER THREE

RESEARCH STRATEGY

The researcher who works on organization-environment relations indeed faces a challenging task when seeking to define the unit for such analysis. This research focused on one organization, National 4-H Council, and analyzed the sources and type of institutional pressures exerted by the environment. When adopting an approach in looking at how an organization could gain legitimacy within its institutional context, it is helpful to have a set of approaches that were developed to help assist organizations when their process or structure or outcomes do not necessarily align with or reflect the social and cultural norms that lie in its institutional environment. As stated previously (Chapter Three – Literature Review), Oliver (1991) provides an overall framework of different strategies that organizations can adopt to align its needs and goals with that of the environment.

The study is centralized around the question of whether an organization can influence its processes and structure to enable it to be in congruence with the normative aspects of its environment. A couple of simple but challenging questions follow:

- Can an organization intentionally proceed to do so?
- If so, what does it need to do in order to become congruent with its environment?

Using a case study approach with supporting documentation from internal and external sources, and by conducting interviews with key stakeholders, relevant information was gathered to relate the story and complete the picture. Moreover, as a participant-observer, this researcher was able to access information that might not have otherwise been considered for this kind of a study.
**Sample Population**

This study utilized a case study approach to delve into the “story” of the turbulence that enveloped Council, and to analyze key periods and issues that were raised. National 4-H Council and its Youth Smoking Prevention program was the primary unit of analysis. However, due to the unique nature of this case where several sites were involved with the implementation of the program, an embedded single case design was adopted. This also will mitigate the chances for “slippage,” where the relevant research questions might necessitate a different research design (Yin, 1989, p. 50). A descriptive analysis of two sites that dealt with the management of issues that arose during program implementation is part of the case study to depict the kind of turmoil it caused within those states (Connecticut and Montana).

**Data Collection**

While the participant-observer technique has been criticized for it giving rise to potential bias counter to good scientific methods, it is appropriate in this study as the researcher has been involved with the program since its inception. It offers the researcher an “ability to perceive reality from the viewpoint of someone ‘inside’ the case study rather than external to it” (Yin, 1989, p. 93). This researcher, who until very recently was employed at the primary organization that forms the basis for this study, made every effort to balance the role of participant and observer. In addition, the intent of this study is to look at funding relationships and potential guidelines, and not a justification for past relationships. That is, the study looks at providing a strategic approach by incorporating them into guidelines, and not as a way to condone any past action or behavior of any organization.
A variety of evidence from several sources formed the basis for data collection and analysis. Documentary evidence was extensively utilized to provide the context as well as the facts of the study. Attention was given to news clippings and other media articles, as well as to two previous independent evaluations of the program, and one independent evaluation report of the curriculum after the pilot testing. National Board of Trustees internal correspondence, Board documents/resolutions, as well as numerous documents generated by key program staff was analyzed, including a memorandum of understanding developed by the funding organization and National 4-H Council. Another document that was closely analyzed was *The Health Rocks! Story*, which was commissioned by Council to an independent organization. This document captured the conception, the controversy, the management, the implementation of the program, and the lessons learned, since the beginning. A caveat needs to be stated on the participant-observer technique as used in this study. As this researcher was part of the program development team, as well as later the leader of the team responsible for all facets of the program, he had access to a variety of documents and memos. The case study description as described later (in Chapter Four – Case Study) is rendered as a factual account, a writing of history as he saw it, but based on National 4-H Council’s issuance of its fact sheet and program materials, as well as *The Health Rocks! Story*. However, and more importantly, the description of the case study was provided to a few members of Council’s senior management to verify its authenticity.

This *Story* was also used as a document that corroborated any independent finding that this researcher made as a result of this study, and which hopefully enhanced its interpretation (Denzin, 1984; and Stake, 1995). The story also provided insights into the
perspectives, decisions and actions of some individuals toward the program that provided leads for further study as the researcher progressed in his process of discovery.

A primary source of data was interviews that were conducted by this researcher between December 2001 and February 2004. The researcher had contact information and access to all these individuals, having worked and interfaced with almost all of them the past five years. Interviews were both open-ended as well as focused, while ensuring that the interviewees’ responses were not traced to any specific individual. The President and CEO of National 4-H Council, Donald Floyd, contacted three members of Council’s Board of Trustees who were identified as interviewees by this researcher, and informed them that they would be contacted for an interview. Two of those members of Council’s Board, including the chair, who were part of the decision-making to accept funds from Philip Morris USA, were interviewed. It should be noted that the other Trustee, who was not the chair, did not vote in favor of Council accepting Philip Morris USA funds. The third member of the Board, a youth who also went on the record opposing the decision, did not want to be interviewed for this study. Three Council staff members involved from the initial conversation with the Philip Morris executives to the actual roll-out of the program were interviewed as well. One of those individuals, who led the program during its formative years, provided ongoing consultation to this study.

The 4-H system is divided into four separate geographic regions. As this researcher was privy to the information regarding which states accepted funds versus which states had reservations, the 4-H leadership at nine states were interviewed, primarily those who were against the acceptance of these funds, but also including two who supported the acceptance from the very beginning. These states were chosen as
some of them were the most vocal critics of the funding. The rationale was to draw out the burning issues that were in the forefront from the perspective of these leaders. The states were then chosen randomly from the sample universe within each of these four regions. At least two leaders within each of those four regions were interviewed, including two women (South and Northeast regions). The 4-H leadership at those states that did not participate was asked their reasons for non-participation.

Each interview lasted between 30 minutes to 60 minutes. Five of these interviews with the state 4-H leaders were in-person (face-to-face). The remaining interviews were conducted over the phone. All interviewees were guaranteed confidentiality before the start of the interviews. During each interview, every attempt was made to probe and clarify the issues that underlay their answers: What did they feel when answering the question? Why did they feel that certain way? Was there something deeper to their responses that were conveyed either through their tone and pitch or body language – the latter discoverable trait applicable to only face-to-face interviews? While words might signify much, attention also was paid to what was not said, knowledge derived from the implied meaning behind some of these words. Each interviewee affiliated with the state 4-H organizations was asked the same set of questions, as the motivation was to be consistent and unbiased in terms of what was asked. It was not the intent of the researcher to slant the questions in any way – especially as the researcher was knowledgeable of the individual’s past relationship with Council – and as far as possible, these questions were asked in a non-judgmental manner. Interviews with the Board of Trustees members did not include reference to the university policies in their state.
Interviews with Council staff were more free-flowing and conversational, though all
points included in the formal list of questions were referenced.

The questions to the interviewees revolved around four main themes to discover the
structural insights that helped inform the case analysis:

1. How did they perceive the relationship between corporations and non-profit
   organizations in our contemporary culture and economy?

2. What, in their opinion, were the main issues of friction that convinced them to not
   participate in the program? Where did National 4-H Council go wrong? Was there
   anything else from their past relationship with Council that they would like to
   share? To those that chose to participate, what about National 4-H Council’s
   behavior or actions convinced them that doing so was the “right” thing to do?

3. What suggestions did they have to offer if National 4-H Council were to do it all
   over again?

4. Were there specific guidelines that they could suggest?

Specifically, one of the motives for asking these questions (the full range of
questions are included in Appendix A) was to initially get the superficial answers on how
they understood the partnership between National 4-H Council and Philip Morris USA.
These base answers provided the researcher with the background to probe further to get at
what were the underlying issues, such as “Were you aware of the existing memorandum
between National 4-H Council and Philip Morris USA? What was lacking in that
document?” or “So you mentioned that trust was an issue. Why did you say that...were
there past actions by Council staff or management that led you to believe that Council
could not be trusted? Is it an issue of program development where you believe that the
program would not be hard-hitting against tobacco usage, or is the issue more a personal belief of prohibiting organizations from accepting tobacco money?"

In addition, a survey of eight national non-profit organizations, including those focused on youth development, was conducted by another colleague within National 4-H Council in conjunction with this researcher to find out whether there was a written policy of any kind on acceptance of funds. Documents from these organizations were gathered to discover whether these organizations had any written policies on acceptance of funding. Out of the eight organizations that were contacted, five replied to the survey.

**Data Analysis**
The analysis of the data was conducted simultaneously with the data collection effort. This was to ensure that the data did not accumulate at the conclusion of the data gathering efforts, but more importantly, to provide the additional information that could arise which may have led to further follow-up questions (Miles and Huberman, 1984). The data was analyzed for similarities in theme. The demographic information of the interviewees, contact information, responses of the interviewees as well as questions that they asked were included in folders created for each interviewee. In fact, all interviews except one were conducted through the use of a voice-recorder, which were later transcribed verbatim, including responses and questions. The one exception was made not because of any request made by the interviewee, but because this researcher forgot to bring his voice-recorder. However, as the researcher had met informally and productively with the interviewee over a dozen times previously, no information was new that was not already described earlier. However, notes were taken during the formal interview with this interviewee to supplement the conversation. A filing system of all documents and
Archival materials used in the study was developed to increase the reliability of the case study.

With multiple sources of data collection, the problem of construct validity is lessened through data triangulation, as various sources of data could corroborate to establish the same fact or phenomenon (Yin, 1994). Moreover, a draft of the case report was provided to a sample of key individuals to ensure that the events were accurately portrayed and that it logically fit the central theme of the study. This, hopefully, mitigated the potential of any bias that could have been held by the researcher.

Case studies have been criticized for its inapplicability to transfer the results of the study to a broader generalization. However, the lessons learned from this case study can at the very least provide an understanding on what organizations should or shouldn’t do. The fact that these guidelines are not organization specific, but an extrapolation from a unique case, can assist other organizations when faced with a similar situation.

**A Note on Structuralism and Structural Analysis**

While there are various interpretations on structuralism and structural analysis, what is common to this method is to look at the forms of relationships first, and not necessarily the content. To offer a simple meaning:

“…the structural intellectual spirit seeks to go beneath obvious surface level variety to find deep regularities that permutate upwards and create what we commonly observe in social life” (White and McSwain, 1993, p. 25).

What we know as structuralism today can be traced to the field of linguistics and anthropology. In the early 20th century, Ferdinand De Saussure distinguished the analysis of language between the then prevalent “diachronic” (historical/changing over time) paradigm and a new orientation that was “synchronous” (contextual/existing at present)”
Saussure examined language as a structure or *langue*, which in his view (of the basic structures of language) could apply to all systems of meaning making, such as formal languages like Chinese or English or to a system of signals such as those prevalent in a game like soccer or football. Such a *signifying system* could include any system of organization out of which meaning could be interpreted from signs. Signs could be a myriad of things, and could be traffic signs, words in a language, entire texts, fashion, etc. A way to distinguish signs is by looking at their difference. For example, the word “cat” is different from “bat,” “hat,” “sat” by noting that it is different by a single letter. Thus, for one to know the word, one has to look at the relationship of that word to their knowledge of the system.

Signs are composed of two parts, the *signified* (concept) and the *signifier* (the sound image). Neither is the cause of the other; each derives their value from its relationship with the other. The signifier is the representation or object, or in our example, “cat.” The signified denotes the mental concept which is referred to by the signifier: that “cat” denotes the idea of a four-legged animal that purrs. However, we should note that signs are arbitrary. Again, in our example, there is no necessity for a relationship between the word “cat” and a four-legged animal that purrs to exist – we understand the word (or sign) “cat” only because of our mutually accepted understanding that “cat” denotes the idea of a four-legged animal that purrs. Nothing could have prevented us from choosing other permutations and combinations of letters. Basically, the synchronic view alluded to the notion that the meaning of words is arrived at by looking at the structural relationships among and between the words in a given linguistic system. “Language is thus seen as a structure of systemic relations, such that each part
(word) becomes defined by its relation to other parts (words), much in the way that the value or meaning of a chess piece is defined by the differences between it and the other pieces on the board.” (White and McSwain, 1993, p. 23). In effect, a language system in this view is disconnected from external reality, as a language system is self-referential.

As may be evident, Saussure’s ideas implied that when studying language, the analysis has to be undertaken at levels beneath the surface. Another facet of the development of linguistics which has profound consequences for social science, particularly anthropology, was the work of the Prague School of linguistics. Roman Jakobson, a member of the Prague School, in his work on “phonological contrasts,” claimed that “meaningful language sounds can be reduced to a small number (twelve, by Jakobson’s account) of binary contrasts or oppositions from which the entire meaning system of the language is constructed.” (White and McSwain, 1993, p. 24). In other words, the project of the Prague School was concerned with the “discovery of the deeper structure underlying surface appearances,” (Harris, 2001, p. 494), seeking to identify core patterns.

Claude Levi-Strauss was heavily influenced by the work of the Prague School (Harris, 2001; White and McSwain, 1993). As Marvin Harris states while writing about Levi-Strauss: “In conformity with his interpretation of the linguistic model, the surface of events is always misleading; the structural reality lies beneath and is never accessible to direct measurement” (Harris, 2001, p. 497). Levi-Strauss extended the work of the Prague School of linguistic analyses as well as another development within linguistics – the search for a universal grammar – to the field of anthropology. Noam Chomsky (1968), a student of Roman Jakobson, worked on the development of a generative
grammar, which concerned itself with the discovery of deep structures that could help explain why speakers of a particular language can utter words and sentences never conjured up before, but that is understandable by others who know that language.

Similarly, Levi-Strauss assumed that all operations of human relations are constructed on bedrock of contrasts, which are universal. Just as the linguists were concerned with generative grammar, these universal deep structures as envisaged by Levi-Strauss were located in a fundamental structure of the human mind. The truth lies in the layer that is hidden and contradictory to that (surface level layer) which is apparent. A simple way to exemplify this approach was undertaken by Levi-Strauss when he studied the issue of kinship relations. His examination resulted in his formulation of a concept that limited the number of possible combination within family systems by “grouping together free and familiar relations under one rubric (+) and relations of hostility, antagonism, or reserve under its opposite (-). Levi-Strauss posited the law as:

“…the relation between maternal uncle and nephew is to the relation between brother and sister as the relation between father and son is to that between husband and wife. Thus if we know one pair of relations, it is always possible to infer the others” (Levi-Strauss, 1949, p. 42 as quoted in Harris, 2001, p. 495).

These relations constituted for Levi-Strauss the basic “unit of kinship,” which is a result of universal restrictions of incest and the exchange of women. He stated:

“The primitive and irreducible character of the basic unit of kinship, as we have defined it, is actually a direct result of the universal presence of an incest taboo. This is really saying that in human society a man must obtain a woman from another man who gives him a daughter or a sister” (Levi-Strauss, 1949, p. 46 as quoted in Harris, 2001, p. 495).

Levi-Strauss’ study of “primitive” societies provides an illustration:
Thus, this example depicts “…how Levi-Strauss is seeking a spare, even mechanical, structural device as his mode of understanding, relying on the simplest form of structural opposition. What he is seeking to understand…is the generic structure of the human mind itself and how this structure expresses itself in social relationships” (White and McSwain, 1993, p. 26).

To use a general definition, then:

“Structuralism is a philosophical view to which the reality of the objects of the human or social sciences is relational rather than substantive. It generates a critical method that consists of inquiring into and specifying the sets of relations (or structures) that constitute these objects or into which they enter, and of identifying and analyzing groups of such objects whose members are structural transformations of one another.” (Caws, 1997, p. 1).

Thus, it is the task of the researcher to look at two levels of an individual’s expressions: one level that notes the language that is consciously verbalized that states what an individual wishes to say, but also at a deeper level that the researcher seeks to interpret when that individual unconsciously says something that’s quite different. This study attempts to utilize this method of analysis, where the statements of interviewees, including inherent contradictions, and other data will be looked at, alluding to the concept

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of binary opposites as espoused by the theorists described earlier. Since this study is concerned with normative turbulence, it is necessary to discover some of the sources for this turbulent environment. The reason why this method was adopted was to look at the underlying real reasons for their attitudes toward the whole issue of nonprofit funding; insofar as the case of National 4-H Council was concerned. Thus, the kind of analysis that will be done is to simply point out the inconsistencies in the surface level of meanings as an indication that there is turbulence at the structural level that is disturbing the surface level – which needs to be addressed. It is important to bear in mind that this analysis is not suggesting that it is attempting to read the structural level – it is only a way of seeing that there is so much turbulence that it is pointless in trying to resolve things at the surface level alone.
**CHAPTER FOUR**

**CASE STUDY**

**Organizational Structure of 4-H**

The unique organizational position of National 4-H Council (Council) as a stakeholder within the 4-H movement needs to be described to provide the institutional context. National 4-H Council was established in 1976 through the merger of the *National 4-H Foundation* (founded in 1948), and the *National 4-H Service Committee* (founded in 1921). As the national private sector partner of 4-H, Council is a nonprofit education organization that exists to further the 4-H movement. A 45-member board of trustees comprised of corporate executives, 10 youth ages 12-22, representatives from 4-H, the Cooperative Extension System, state land-grant universities, and other private citizens, form the governance structure of Council.

The mission of Council is “to advance the 4-H youth development movement, building a world in which youth and adults learn, grow, and work together as catalysts for positive change.” Council partners with National 4-H Headquarters, Cooperative State Research, Education, and Extension Service (CSREES), United States Department of Agriculture, the Cooperative Extension System of Land-Grant Universities, communities, and other organizations. Council partners with Cooperative Extension on major 4-H program initiatives with state and county staff playing a key role in facilitating local program involvement and implementation. Council, National Program Leaders within USDA’s CSREES agency, state 4-H Foundations, state and county 4-H staff, National Association of Extension 4-H Agents, and youth and volunteers serve on national design teams and national 4-H leadership teams, which all play a vital role within the 4-H
system. Council also builds partnerships with other organizations that wish to promote positive youth development and community involvement including corporations, foundations, state and local governments, and other youth-serving organizations.2

In June 1998, the Workforce/Environment (WE) team at Council redefined its reason for existence in the context of Council’s mission at that time of fostering innovation and shared learning for youth workers and young leaders. The team changed its mission to the goal of “fostering innovation and shared learning at the intersection of youth issues and corporate challenges to ensure sustainable communities.” The team changed its name to the Youth-Corporate Connections (YCC) team, to portray more accurately the kind of work that the team was conducting at that time. In August of 1998, the YCC team convened a group of youth and adults at Council to discuss the issues that were of concern to youth and that confronted communities across America. The group was tasked with the prioritization of the most important issues, so the YCC team could focus its work on addressing these issues. The team identified health, including youth substance abuse prevention, as one of the five key issue areas of focus.

**National 4-H Council and Philip Morris USA – the Health Rocks! Initiative**

At around the same time that Council had identified health as one of its focus areas, American societal views of tobacco and the industry as a whole had shifted. Many public places now had prohibitions on tobacco usage, and tobacco usage became generally unacceptable. A historic Master Settlement Agreement with 46 states (four states had earlier reached individual settlements) for a total of $246 billion ended the litigation efforts of states to recover health care costs related to tobacco usage. “…An array of

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2 Adapted from National 4-H Council Fact Sheet, 2003.
organizations (schools, public health organizations, and community coalitions), many of which would not, to that point, have contemplated accepting money from a tobacco company, were organizing to do essentially just that. Seeking to ensure that an appropriate share of the settlement windfall went to tobacco use prevention, they came together to protect this interest from the various designs of state legislators and policy makers…” (Backer and Kunz, 2003, p. 26).

At a fall 1998 meeting, Eric Leinenger, a member of Council’s Board of Trustees, became aware of the change in the mission of one of Council’s teams. An executive at Kraft Foods, he knew of a colleague, Carolyn Levy, at a sister company, Philip Morris USA, who was asked to lead a new unit at that company focused on youth smoking cessation. He suggested a meeting between a few executives at Council and a few of that youth smoking cessation unit’s staff to discuss whether there was a possibility of both the organizations working together to address youth smoking prevention.

After an introductory meeting with Phillip Morris staff in September of 1998, Council concluded that the fit with its work and the 4-H mission was such that the conversation should continue at subsequent meetings. During October and November of that year, Council staff had a series of conversations with staff at Philip Morris, including the Chairman of Philip Morris, Inc., the parent company of Philip Morris USA. At one point during these later conversations, then Council President and CEO Richard Sauer probed the corporation’s sincerity and commitment to stop underage smoking with Geoffrey Bible, Philip Morris’s Chairman. With assurances that Philip Morris was sincere in its attempt to prevent youth from smoking, Council wrote a report to the Extension Committee on Organization and Planning (ECOP), a coordinating body within
the Cooperative Extension System, which included an item mentioning Council’s connection with Philip Morris. During the annual National Association of Extension 4-H Agents conference held in Louisville, KY, YCC Team Leader Susan Halbert had multiple informal conversations with various individual state and county 4-H staff, sharing information about the initiative and soliciting their participation.

Council concluded that the plan it had developed for a national youth smoking prevention program that would seek to engage 4-H staff in training and demonstration, was moving ahead to the point of probable funding by Philip Morris USA. Council staff met with Alma Hobbs, then Deputy Administrator of USDA’s Cooperative State Research, Education and Extension Service (CSREES), and several National 4-H Program Leaders, to talk about the program and seek their input and questions. They also brought the developing initiative to the attention of the National 4-H Leadership Council, a committee comprised of a few state, county and national representatives on its monthly conference call. Council also sent an advance mailing to the entire 4-H system (national, state and county levels) well before any public announcement and initiation of the work. Sauer sent letters to the heads of the American Cancer Society, the American Lung Association, and the American Heart Association, inviting them to participate in the design of the program.

In late December of 1998, just three months after the first conversation with Philip Morris, the Council team began recruiting members for the national design team to further develop the conceptual framework and detailed criteria for this program. The team distributed applications for youth and adult members electronically as well as in a mailing to all county 4-H staff. Council received a few questions and comments from
various state and county staff. These queries were largely confined to the basics of the application process and the goals of the program. By January 1999, it was clear there was substantial interest being expressed by the Cooperative Extension System to participate in a major way in this new initiative. At that point, Council had received letters of intent to submit proposals from 18 states that sought to be an implementation site.

The semi-annual meeting of Council’s Board of Trustees was held on January 14-15, 1999. A trustee raised questions and expressed concern about Council accepting the grant from Philip Morris. Both a small group of the Board and the total Board, facilitated by the Board chair, discussed those concerns. The discussions revolved around the conditions under which grants are received by Council, and whether Council would have the independence needed to perform quality work with rigorous evaluation. While two trustees went on record expressing concern, the Board of Trustees supported the acceptance of the grant from Philip Morris, and encouraged Council to establish an agreement which would guarantee the independence of the organization. The new policy governance model regarding the role of staff management and operations and Board responsibilities that Council had recently adopted was put to its first test.

Council subsequently invited several staff from the Campaign for Tobacco-Free Kids, a leading youth tobacco prevention organization, to a meeting at Council. The purpose was to inform them about the anticipated program, and seek their input and involvement, including their participation on the national design team. Three of their staff members who participated at that meeting cautioned Council on accepting the money from Philip Morris, and urged Council to refuse the grant from that corporation.
They opined that the program would be a means for the tobacco company to gain legitimacy in the public eye by associating themselves with a reputable national organization such as Council. Another point expressed by them was that there might be a perception that Council staff may not have complete autonomy in developing and implementing the program. They declined to participate in the design team.

On February 9, 1999, Sauer went to Phillip Morris Headquarters in New York to meet with Mike Szymancyzk, President and CEO of Philip Morris USA. In that meeting, Sauer stated: “Given that almost ninety percent of the smokers in this country started when they were under eighteen years of age, if we (Council) are successful with this program, we are going to reduce your business in the US.” Szymancyzk responded: “So be it.” The tobacco company head talked about the decline of the cigarette business and that Philip Morris would focus to increasing its market share among adult smokers who chose to smoke. He also spoke about wanting to run his company in a responsible way, which meant not encouraging youth to smoke. He continued to state the commitment of the company toward youth smoking prevention with sincerity that Sauer believed to be genuine. He expected only one thing from Council: to reduce the number of underage smokers.

The grant award letter from Philip Morris dated February 14, 1999, signed by the President of Philip Morris USA on their letterhead, incorporated the conditions which essentially guaranteed the independence of Council from the tobacco company’s influence. The letter also expressed the commitment of Philip Morris to youth smoking prevention.
In the meantime Council had received numerous electronic mails and letters from individuals and organizations opposed to the partnership. The negative attention can be exemplified by two brief quotes from some of the letters “Philip Morris USA does not have the interest of children in mind when they want to partner with 4-H. They are serving their own interests…” and “How can there be any basis for a partnership when the mission of Philip Morris USA and the mission of 4-H are at direct odds?” (Backer and Kunz, 2003, p. 29).

The national design team convened in February 1999, with extensive representation from Cooperative Extension, youth, health/prevention professionals (both practitioners and researchers), industry representatives, and research and evaluation professionals. Council staff, especially those who would be managing the program, including this researcher, were also present. A few faculty members from a local university served as independent facilitators during the design team meeting. The various sub groups of the design team established the criteria that formed the basis for a communications plan, the program and curriculum, the implementation process, and the content and process for evaluation. A report of the national design team meeting was sent to the Extension system in late March.

The Campaign for Tobacco-Free Kids chose to actively oppose Council’s acceptance of the grant, and created a national campaign via their various networks to stir up pressure on Council, and on state and county 4-H staff – before Council had planned to make any public announcement. Their effort turned up the level of reaction from parts of Extension/4-H, due to pressure received from various anti-tobacco activists and some
health organizations in their respective states. On March 9-10, 1999, during a national 4-H leadership meeting, Council provided a status report on the project.

To also help mitigate the public outcry associated with the project, Carolyn Levy, who headed the youth smoking prevention unit at Philip Morris, was invited to speak before the state 4-H leaders. Despite Carolyn Levy’s answers to their questions and assurances of independence by Council, many state 4-H leaders were still upset that Council accepted the grant from Philip Morris. On March 25, Council held a press conference at the National Press Club in order to explain publicly why it was undertaking this work, the independence it had from the funder, and the life skills approach the program was adopting that was consistent with the mission and work of 4-H. Attendance at the press conference was minimal; there were only a couple of non-Council staff at the event.

Requests for Proposals (RFPs), based on criteria set forth during the design team meeting, were issued for a curriculum writer, to invite sites to implement the program, and for a firm to conduct the evaluation. From April to July 1999, the design team selected the contractors and implementation sites after a thorough proposal review process. In August, Council conducted a training session on the usage of the curriculum, which included training on evaluation techniques and methodology, for representatives from all selected sites. Four implementation states and four demonstration states were chosen to operate the pilot program during the first of implementation, as many of the 18 states that had originally evinced interest by sending letters of intent bowed out, primarily because of local pressure applied on the state 4-H leadership by anti-tobacco groups. The locations of these eight sites were not made public. An independent firm was hired to
engage in program evaluation to measure the progress toward the goals of the program, and a consultant provided the design for the curriculum evaluation. Sites started implementing the program from September 1999.

Results of the first year’s pilot implementation were analyzed in the summer of 2000. A working group of youth and adults, which included representatives from a few project sites, the curriculum developer, the evaluation specialists, selected individuals from the design team, and a few staff members from Council met in June 2000 to discuss next steps of the program, and suggested changes for Year Two implementation. Two major changes in the program for the second year (ending June 2001) were implemented as a result of the evaluation: (1) the team broadened the scope of the curriculum to encompass a wider array of life skills activities; and (2) the team lowered the age of the program’s target age from 10-14 to that of 8-12.

A few other changes were made, primarily to strengthen the accountability of the sites to Council, and also to provide operational guides as reference to ease program implementation at the local level. By early July 2001, the sites submitted their final reports to Council. Based on feedback from the sites, the curriculum was finalized and completed by early Fall 2001.

**Health Rocks! Today**

As a result of the structural changes that were taking place within Council, the decision was made to partner as much as possible, at all levels, with the broader 4-H movement. The team at Council that now coordinates the different facets of the program has since been renamed from YCC to the Strategic Initiatives team. The success and capacity of one of the implementation sites, namely the program coordinated by the Mississippi State
University Cooperative Extension Service, made them a logical choice to receive the grant for coordinating the entire implementation of the program to sites all over the country. Mississippi State University Cooperative Extension Service prepared the solicitation notices that went to all Extension 4-H offices across the country as well as a few non-Extension organizations in Fall 2001 and 2002, and received numerous applications from sites that wanted to implement the program in both those years. In 2001-2002, project coordinators and trainers at 36 sites were trained by the university’s “virtual faculty,” a training team of youth and adults representing four state land grant universities, and were provided with a small grant to implement the program; the number of sites in 2002-2003 was 56. As of October 2003, approximately 30,000 youth have been involved in the program, either as program recipients or as trainers. Plans were to reach an additional 100 sites in the 2003-2004 implementation year.

In addition to the program implementation aspect, Council has since partnered with North Carolina State University to revise an existing curriculum and make it an interactive electronic web-based curriculum with substantial revisions. The curriculum, called Teens Reaching Youth, will be used, once completed, to guide teen leaders in the implementation of the Health Rocks! program. Teens Reaching Youth will be focused on teen leadership, youth and adult partnerships, and the creation of effective learning environments.

The 4-H Study of Positive Youth Development conducted by Tufts University, and funded by Council’s Health Rocks! program is a longitudinal study that, beginning when youth are fifth graders, assesses characteristics of young people theoretically believed to be key facets of positive youth development. The research will evaluate the
impact on positive youth development of key ecological assets--families, communities and, in particular, community-based programs for youth--especially 4-H programs such as Health Rocks! Preliminary results from the first year of data collection suggest that participation in the Health Rocks! program (and other 4-H programs) is a key developmental asset promoting young people’s community contributions, and that the core features of the 4-H community youth development programming model – adult role models and mentors, youth participation and leadership, and life skills development – may be fundamental contributors to the way in which 4-H promotes positive youth development.

In 1999, Council partnered with The Human Interaction Research Institute for the latter to document the story of the program, from concept to implementation (Backer and Kunz, 2003). A number of youth and adults were interviewed, including those who participated at the initial design team meeting, Philip Morris USA representatives, National 4-H Council staff, leaders in youth development, and others. The Health Rocks! Story was published in October 2003.

The program staff at National 4-H Council had not seen reports or advertisements of any kind appear in the media since 2001, the second year of program implementation.

“4-H Does Not Belong in Marlboro Country”

The Associated Press reported in January 1999 that National 4-H Council was receiving funding from Philip Morris to develop a program that was going to address youth smoking. Soon after, various groups commenced a campaign against Council’s decision, and tried to persuade Council from accepting funds from the tobacco company. Several individuals and organizations wrote to Council via regular mail and e-mail, and
even demonstrated in February outside the campus of Council, to protest against the program. A March 29, 1999 story in *The Washington Post* newspaper reported on the funding, and touched on the different perspectives of some of the design team members. The newspaper quoted Rosie Slotnick, a teenager from Alaska who “found working with the industry `stressful’” and feared that the organization (4-H) was just being “`used for 4-H’s good name (p. A3).’” Bethany Chinadle, a teenager at the design team meeting from Montana, on the other hand was “impressed by the company’s `openness’” and its “willingness to give 4-H final say over the program’s content (p. A3).”

In March and in May of 1999, a couple of articles in *Youth Today*, a news magazine devoted to youth development interests, expanded on the story. In addition, the May issue also included a couple of diverse viewpoints, one of which supported the program, and the other which was more critical of the funding relationship. On September 9, in an article in *The Chronicle of Philanthropy*, three 4-H professionals from different states indicated their doubts on the funder’s sincerity. The article also pointed out one of the ironies of the funding relating to the tobacco company settlement as a result of a lawsuit filed by 46 states, indicating that “because the money will be controlled by state legislatures, anti-smoking advocates and others have not raised concerns about the tobacco companies’ influence over the programs that might benefit.”

On September 23, 1999, the Campaign for Tobacco-Free Kids took out a full-page advertisement in the *St. Louis Dispatch*, with a tag line stating that “4-H does not belong in Marlboro Country.” The ad called on Council’s Board of Trustees, which was meeting in St. Louis on that day, to reject funding from Philip Morris. The Board had declined to meet with the Campaign for Tobacco-Free Kids, which had demanded time
on the Board meeting agenda. A host of organizations had signed on the newspaper advertisement, including the American Heart Association, the American Cancer Society, and the American Lung Association.

The *St. Louis Dispatch* newspaper printed a letter to the editor on October 2 written by Sauer, who stressed the independence of the program. The Fall issue of *The Strategist* included an article written by Bill Novelli, then head of the Campaign for Tobacco-Free Kids, that accused the tobacco industry, especially Philip Morris, of “buying respectability (p. 18).” National 4-H Council was depicted in that article as one of the “reputable” organizations that the Campaign was trying to convince to not partner with Philip Morris (p. 16).

In October 1999, the Campaign for Tobacco-Free Kids took out another full-page advertisement (similar to the advertisement in the *St. Louis Dispatch*) in *Youth Today*. Sauer, once again, wrote a response to the advertisement in a letter to the editor, which ran in the November issue of *Youth Today*. Bill Novelli of the Campaign for Tobacco Free Kids wrote a letter in reply to Sauer’s letter that clarified the advertisement did not criticize Council’s program, but criticized Council’s “decision to accept a grant from Philip Morris to fund his (sic) program.” He went on to write that “there is a fundamental and unresolvable conflict of interest between organizations committed to the development of young people, and tobacco companies dedicated to selling ever-increasing numbers of cigarettes.”

The November 29, 1999 issue of *Business Week*, in a cover story on Philip Morris, reported the difficulty of that company in trying to distribute funds toward youth smoking prevention efforts. Citing National 4-H Council and its receipt of funds from
the tobacco giant, the magazine reported how “activists quickly mounted a lobbying effort to get state groups to reject the grants on the basis that Philip Morris’ efforts are little more than public relations initiatives (p. 182).” Szymancyzk, CEO of Philip Morris USA, was quoted as saying, “some of the stuff I see just amazes me…we are trying to do things that are responsible, and you have people who say `don’t take their money (p. 182).”’

In June 2000, a letter from the heads of the American Lung Association, the American Heart Association, and the American Cancer Society was sent to the Board of Trustees of Council, once again encouraging the Board to reconsider the decision of Council to accept funds from Philip Morris. The new President and CEO of Council, Donald Floyd, wrote a letter to the three organizations re-stating Council’s position on the independence of the program.

To illustrate the kinds of stakeholders involved in the controversy that was generated by acceptance of these funds, two case studies of communities that became involved with the ensuing controversy follow:

**Connecticut: Case I**
The program in Connecticut was implemented by the Cooperative Extension System of the University of Connecticut in Storrs. The Cooperative Extension Service, part of the College of Agriculture and Natural Resources, was responsible for the day-to-day administration of the local program through the Youth Development Center based in New Haven. The Center was one of several centers within the Cooperative Extension System at the University. Connecticut is a tobacco producing state, and tobacco use is reported to be higher among youth in New Haven than in other areas in the Northeast. There had
been an increase in tobacco usage amongst youth in New Haven, especially among African American and the rapidly increasing Hispanic youth population.

Although much of the recognition of New Haven centers on Yale University, a general perception of New Haven related by program participants is, “there is New Haven and there is Yale.” Many participants felt a closer association with the University of Connecticut because of community outreach programs like the tobacco prevention program being funded by Council.

The partnership that supported the local program emerged from a long association of three agencies and their directors through their participation in a 15-year-old City Wide Youth Coalition that spoke for youth in the community. The grant announcement by National 4-H Council provided a perfect opportunity for the Youth Development Center to invite The Hill Cooperative and the Newhallville Family Support Program to form a partnership to implement the program, and to further youth-adult partnership. The partnership was a natural one because of the long history of working together and the trust built on years of working in communities. The three agencies welcomed an opportunity to address the pressing needs within their communities created by tobacco use.

A major challenge to the local program was MATCH (Mobilization Against Tobacco for Children’s Health), a vocal group in the state that ran full-page advertisements attacking the program and its funding source. Although MATCH had worked with the state 4-H staff in Connecticut for many years, the advertisements included the message, “the Connecticut 4-H Council in Marlboro Country.” The advertisements opposed Connecticut 4-H Council’s smoking program, though there was
no such organization as the “Connecticut 4-H Council.” At a press conference held by MATCH on November 3, it denounced 4-H, saying that the four H’s stand for “hypertension, heart attacks, hypocrisy, and hands in the pockets of Philip Morris.” The spokesperson for MATCH compared “accepting ‘tainted money’ from Big Tobacco with getting money from the Colombian cocaine cartel for anti-drug education.” Stories ran on three television news programs, and the stories appeared in the next day’s *The Hartford Courant* and *Connecticut Post*. The University of Connecticut’s newspaper, *The Daily Campus*, reported on the funding for 4-H a few days later.

The community responded to MATCH’s negative advertisements with op-ed and other editorial responses supporting the program. A letter to *The Daily Campus*, and editorials in *The Hartford Courant* and the *Waterbury Republican-American* that month backed the grant and supported the 4-H program in Connecticut. In meetings held later with affiliated organizations in Connecticut, Nancy Bull, the Associate Director of Cooperative Extension at the University of Connecticut received “overwhelmingly positive responses…If we made a mistake”, she said, “it was in not keeping track of all the supporters’ names for future fundraising.” (Backer and Kunz, 2003, p. 44). The mere threat to the program posed by MATCH’s presence in the community did, however, influence what the program could and could not do in the community. The staff was committed to maintaining order and stability during the pilot phase and not being derailed by chaos created by program adversaries. Although the program avoided interruption, the staff was unable to pursue new partnerships or other community support during the pilot phase. The next year, however, to quote the project director in Connecticut, “started off with a bang,” and with encouragement from the community-based organizations that
had initially supported the Cooperative Extension effort in its first year, the program added three sites (Backer and Kunz, 2003, p. 70).

**Montana: Case II**

Ravalli County in western Montana was also selected as one of the demonstration sites for the program. A high incidence of teen tobacco use in that county prompted Kathy Hammer, an Extension agent in that county, to apply to be a site. The program was held in after-school settings in Victor, a small town in Ravalli county, which welcomed a program that had no financial cost. Two full-page advertisements taken out in two local newspapers (“Ravalli County 4-H is in Marlboro Country”) on October 8, 1999 surprised a rural community that was not accustomed to seeing full-page advertisements taken out in their local newspapers. The previous day, articles in *The Missoulian* and the *Ravalli Republic* talked about the program and the controversy that it had generated both nationally and in Montana.

The Montana state 4-H leadership had earlier decided not to participate in the program. However, county extension agents were free to choose to be a part of the program. An editorial on October 10 in *The Missoulian*, which basically supported the program but not tobacco companies, generated numerous letters to the editor in the following few days. One of the letters was written by Kathy Hammer, who mentioned, “Thanks to all who called and wrote letters of support. You have helped me deal with the fact that outside parties can and will use force to influence local decisions.” This perhaps underscored the volatility of pressures not germane to the community, but affecting it nonetheless.
The extension office received nearly a hundred phone calls supporting the program and Kathy Hammer’s decision, and a majority of the letters to the editor supported the program. *The Bitterroot Star* of November 3 reported that Ravalli County 4-H was working with Tobacco Free Ravalli County, an anti-smoking organization funded by the Centers for Disease Control. As part of that organization’s funding, they couldn’t accept funds from a tobacco company, but it could support any group working toward youth tobacco prevention. Alia Brooks, coordinator of Tobacco Free Ravalli County saw the advertisements as an attack and an insult. “I felt that a partner of ours had been attacked,” Brooks said.

Council heard a rumor that protests might be held outside the county offices during a curriculum training scheduled for late October by Council staff in Ravalli County for key program staff in that county. The training was shifted to a different location to protect both local staff and Council staff.

The program in Montana received national coverage through an article written in *The Wall Street Journal* on December 10 which studied Montana’s example in the context of the larger issue of tobacco industry funded programs. The article, which contained the views of the anti-tobacco activists and National 4-H Council’s perspective, quoted Hammer saying “Money is money…And I’m working to get things done.”

In a sense, the campaign to discredit the 4-H tobacco prevention program backfired in Montana. Either because of “the distinctive cowboy social norms of the area,” (Backer and Kunz, 2003, p. 46), or because of strong local support of 4-H, or because of anger against funds spent by the anti-tobacco groups that could have been spent more positively, or because of other reasons, the program got a boost from the
community. More youth now wanted to participate in the program, and the numeric goals set by Kathy Hammer were exceeded in the second year, along with an expansion of an additional site. As Betty McCoy, state 4-H leader in Montana stated, “The project has been good for extension and for 4-H and the kids…We haven’t gone any further in the state with implementation, which doesn’t mean that we won’t. We may take a look at it again. But, given all the hullabaloo at the time, I think it turned out to be a positive experience.” (Backer and Kunz, 2003, p. 73)

**A Turbulent Institutional Environment**

While reference was made in the preceding section, a slightly more focused and relevant discussion of the notion of turbulence is important in understanding the institutional environment that encompassed National 4-H Council.

a. The overall environment consisted of the ongoing skirmishes between tobacco interests and those interested in restricting the reach and operations of tobacco corporations. The resulting master agreement of $246 billion that would be paid by the tobacco corporations to the states over the next twenty-five years had just been settled after a protracted “war.” However, rancorous feelings were not that easy to change.

b. Corporate-nonprofit relations were undergoing a drastic change, a process that was many years in the making. New marketing arrangements and corporate brand tie-ins with nonprofit organizations and causes gave rise to calls for greater clarity of the domains. The refocus in corporate giving wherein support was increasingly being granted to nonprofits in the company’s geographic location, slanted somehow to causes that aligned with the corporation’s core functions, with more
corporate influence in the operations of the nonprofit. While initially a trickle, corporate interests became more visible over the years, so much so that fundraising practices of the past were bound to change.

Other aspects of the turbulent environment are as follows:

**National 4-H Council vis-a-vis health-related programs** – As a result of National 4-H Council’s desire to further define its focus in the programming area, the team responsible for programming called together a group of youth and adults from around the country to help in its visioning. Health concerns were one of the five areas articulated by this “Youth Voices” team at the conclusion of its deliberations. It was around this same time that the opportunity to partner with Philip Morris USA arose, and fit squarely into this new priority area. While Health was one of the four “H’s” of the 4-H movement, there was no national, curriculum based program that was as ambitious in its scope as Health Rocks! proposed to be, particularly with regard to youth tobacco prevention. Health programs were implemented at the local 4-H level, emphasizing different aspects, but at that time there was an absence of a national effort. Even though there was no staff within National 4-H Council who specialized in public health per se, the success of past initiatives in different programmatic areas promised an equally successful foray into health-related programming. State and local 4-H organizations were contacted, staffing structures were reorganized within the programs team, and preparations were underway to get the design team together. Staff quickly immersed themselves into learning as much as could be realistically possible in a short time frame, but before they could collectively grasp the nuances of tobacco prevention programming, in particular, with its potential volatility, the opposition to the funding had fired its first of several shots.
National 4-H Council – Another cause of turbulence sprung from events that were internal to National 4-H Council. Beyond the changes in its programming focus, Council’s mission was now focused on “innovation.” An example of innovation was its thrust on innovative programs that could change communities, based on the promise of systemic level changes if successful. Innovation related to many aspects; from programming that brought in youth and adults as co-decision makers on important programmatic issues, to youth and adults working with and learning from each other, and to that of youth representation on Council’s Board of Trustees. Almost one-fourth of the total Board was now in the “Youth” category, a bold and novel approach amongst youth development organizations. However, at yet another level, it also related to the new governance model that it had adopted, whereby the senior management symbolized by the CEO was responsible for the day-to-day functioning of the organization, although within the broad policy parameters set by the Board.

The 4-H movement – Similar to those that academic departments within university systems usually establish to critically comment on its operations and performance, Council, though not an academic institution, established an External Review Committee to probe into its structure, programs, and overall direction as a national institution. The Committee’s report led to a few structural changes within Council, and a redefinition of its mission. More importantly, while the retirement of Dick Sauer as its President and CEO was announced before the formation of the Committee and the issuance of the report, it provided an opportunity for the new leadership at Council to align its work with the broader 4-H system. The new President and CEO, Don Floyd, made a conscious
effort to visit almost all major state and regional 4-H meetings to learn about the perceptions that the field harbored about Council. In addition, almost around the same time, there was a leadership change within CSREES (USDA). Moreover, a strategic plan for 4-H was created by an assembly of youth, volunteers, and county, state and federal 4-H professionals after a lengthy deliberation that sought to define and focus the entire 4-H system for many years to come. It now started to call itself a “movement.” The time was now ripe for the entire 4-H system to move beyond symbolism to actual partnership that would include all major stakeholders.

The youth development movement – As the nation evolved from an agrarian based economy to an industrial and services based one, the physical landscape of our nation underwent a gradual change as well. The movement of populations into urban and suburban areas was accompanied by increasing needs and concerns that faced youth. Most organizations that sought to alleviate these concerns focused on a problem-prevention oriented approach based on a “deficits” model, where the youth were recipients of programs and services that highlighted their pathologies. Recently, leading youth development researchers and organizations have been calling for an “assets-based” approach that would focus on the contributory aspect of our nation’s youth, rather than as “problems” that need to be rectified. The assets-based model looks at youth as both a “resource for the community and as a channel for helping them to grow” (Backer and Kunz, 2003, p. 18). The Health Rocks! program was designed in that spirit.

The substance abuse community – While substance abuse programs, including tobacco prevention, have been targeted at youth for many years, many earlier programs were not
based on science that was empirically researched. It’s only within the past two decades that more research attention was paid to “risk” and “protective” factors that contributed either to an individual or community’s vulnerability or resiliency, respectively. An outcome of these various research studies led to the development of a “number of science based substance abuse prevention programs…validated through empirical research” (Backer and Kunz, 2003, p. 34). These resiliency factors or characteristics, the development of which in an individual are often referred to as “life skills,” are now built into a variety of programs offered by a multitude of nonprofit and for-profit organizations. The Health Rocks! program, developed after a review of this science-based approach, was designed to also reflect the unique grass-roots nature of 4-H, but in the process left behind the considerable evidence that science-based programs had on youth participants (Backer and Kunz, 2003, p. 35). While suited to the audience that it wished to serve, and bolstered by a strong evaluation component, it nevertheless might have increased the suspicions of the substance abuse community on the true nature of the curriculum.

What these reflect is the dynamic environment that Council faced, beyond the changes of public perception of tobacco consumption or the tobacco Master Settlement Agreement. The youth development and public health communities had not come to an understanding on the approach to address youth concerns. More crucially, these communities, with traditionally differing methodologies, were operating within their own environmental fields until recently. With the public sector playing an increasing role in substance prevention efforts and research, and foundations providing grants to both the substance abuse and youth development communities, there were no guidelines other
than those established by individual organizations on the acceptance of funds, with the assumption that all these organization had bonoficing goals (Alexander, 1998).

Operating at the institutional cusp, National 4-H Council was faced with an environment that begged for greater clarity, a situation that also was opportune for it to wield some influence on the rules (Fligstein, 1991; Greenwood and Hinings, 1996; Scott, 2001). No commonly accepted standards or “density of a form or practice” were present, as organizations were permitted to accept money from any corporation as long as they had an internal mandate to do so. This environment had a role to play in the ensuing controversy, as will be seen later in Chapter Five - Analysis.

**Consequences of this Turbulence on National 4-H Council**

Robert Duncan’s quest to define the components and dimensions of the environment indicated that “individuals in decisions units with dynamic-complex environments experience the greatest amount of uncertainty in decision-making.” (Duncan, 1972, p. 313). In the context of a non-profit organization like National 4-H Council accepting money from a corporation like Philip Morris, the environment was turbulent and uncertain to say the least, as described earlier. With the agreement reached between the tobacco companies and the states in 1998, approximately $246 billion in total was to go to forty-six states over the next 25 years. Using a new institutional lens, it is easy to state, in the regulative sense, that the settlement forced the tobacco companies to distribute these funds to states so these states could establish and sustain tobacco prevention programs by providing grants to organizations concerned with prevention efforts. This, obviously, was considered legitimate, especially when the coercive power of the state was involved.
However, when National 4-H Council was granted funds directly from one of the tobacco companies who was a party to that settlement, with the purpose of establishing a tobacco prevention program, there was a backlash from the environment (from other organizations, state partners of National 4-H Council, a few members of Council’s governing Board, etc.). The mechanics of isomorphism did not apply to Council, even though it imitated what the 46 states did – and did not work because the stability and perspective did not exist in its unique, uncertain, and complex environment. Moreover, while a segment of 4-H program leadership and personnel in certain states did not have a problem with the acceptance of funds from National 4-H Council (citing varying reasons of justification), many others saw it as a partnership which could serve no positive purpose. Multiplying these different perspectives on this subject with that of other youth and health organizations, public regulatory and health organizations, the media, and more broadly to society in general, one can witness the environmental milieu within which an organization like Council accepting tobacco funds had to operate. The concept of isomorphism thus appears to be generally a fine idea as long as the general social order is stable. However, when there is structural level turbulence such that the normative environment is destabilized, with the consequential surfacing of conflicts inherent within its underlying layers, isomorphism becomes almost impossible as the meaning of imitation or mimicry also has been destabilized.

The consequences of this turbulence affected almost the entire 4-H movement. Most of the states were caught in a conflict within their jurisdictions, with their national private sector partner acting ostensibly on behalf of them. In several states, the state 4-H leaders had to defend themselves against the anti-tobacco coalitions, and often were
pressed to disassociate themselves from the decision of Council by the university system, state health department, private anti-tobacco groups, or even by 4-H personnel within their states. More importantly, as we shall see in the next Chapter (Chapter Five – Analysis), long suppressed feelings and emotions regarding the relationship between Council and the rest of the 4-H movement were exposed, a product of the instability that existed in the environment. This instability dashed any hopes of consistent normative rules from being developed, which added to existent anxieties and fears of key stakeholders within the 4-H movement, rendering any isomorphic action impotent.

In order to formalize the definition of turbulence in the manner used in this study, it refers to all the changes taking place in the political, economic and social environment around the tobacco industry, the recipients of their largesse, consisting of individuals and other organizations, and between all levels (local, state and national), and across public, private, and nonprofit organizations. It also relates to the changes in the whole culture of corporate philanthropy. In addition, it refers to the internal dynamics of the 4-H structure, as well as the ambiguity in the methodology of the substance abuse prevention and the youth development fields in general. Specifically, it relates to the uncertainty and flux that envelops the issue of corporate largesse to a nonprofit, especially when the donation is viewed suspiciously for various reasons. All the consequential criticism and controversy surrounding National 4-H Council is part of the turbulence.

**National 4-H Council and Legitimacy**

National 4-H Council could be viewed as a legitimate organization, as “society judges an organization as appropriate partly because of its past performance…Established organizations can use their performance record to acquire legitimacy and access
resources” (Zimmerman and Zeitz, 2002, p. 417). As an organization with strong staying power and credited success in a variety of endeavors, there was no evidence that Council was not a legitimate player. The very fact that non-controversial and controversial donors (including Philip Morris USA) regularly provided funds for programming interests gave it the “social judgment of acceptance, appropriateness, and desirability” (p. 414). However, it also could be said that National 4-H Council was not granted legitimacy regarding its smoking prevention program by its institutional environment. While nestled within a century-old organization (the larger 4-H system), its foray into youth smoking prevention was a new programmatic venture. Other national organizations, primarily those devoted to promoting the cause of public health, could be seen as providing the institutional context. However, this would be a fallacy, as other national and local organizations – chiefly those tied to youth development programming – also exist that include health promotion as one of their many areas of concern. A crucial argument that this study is making is that the organizational practice of accepting funds was not fully institutionally developed, and even if it were, various organizations displayed numerous versions of its practice (Aldrich and Fiol, 1994). The institutional pressures faced by Council were mainly normative in character. However, to reiterate, specific standards, or a set of established practices in its organizational field that could have helped Council in adhering to these standards or practices, were absent. As the literature reviewed in Chapter Two – Review of the Literature points out, for an organization to gain or enhance legitimacy when institutional standards are absent, ambiguous or not commonly accepted, it can act to create its own.
National 4-H Council and Ambiguous Institutional Standards
There was no consensus within the organizational field whose members operated under their own rules. The normative environment that enveloped National 4-H Council was not stable, with a presence of confusing and contradictory norms and values. The very notion of what was “preferred” (Scott, 2001) or what ways were “appropriate” (Scott, 2001) was in question. While one could postulate that the normative environment was nascent and in its formative stages, and not well established, this study also considers an alternate idea – that the unstable institutional environment per se may have been developed as a whole, but the organizations within it were at odds in defining the rules of the game.

Prevailing practices were not widely disseminated, nor was there any unanimity on the rules that governed the acceptance of funds, short of some broad legal requirements. While new institutionalism has devoted considerable attention to isomorphic forces, for an organization such as National 4-H Council that adopted certain practices which were congruent to its past methods of fund acceptance, and aligned to a macro-level systemic practice (that is, the states accepting funds directly from tobacco corporations through the tobacco settlement), the notion of isomorphism did not appear to work. The fields of positive youth development and youth prevention (substance abuse, violence, etc.) were just converging, and were beginning to look at each others’ assumptions and methodology. However, as this convergence was at its infancy, no common standards or practices had been developed at the time. In fact, even organizations devoted to positive youth development were not congruent when it came to the acceptance of funds.
Goodrick and Salancik’s (1996) conditions for uncertain institutional standards can be argued to apply in National 4-H Council’s case. Thus, while goals may be institutionally specified, the “means to the goals are unspecified…beliefs and myths about proper purposes have the quality of social fact and are used to rationalize practices,” even though the practices may vary (p. 4). In Council’s case, while the goal of preventing youth from tobacco usage may be specific, the means to do so could be different. Hence, while an organization could mount a public health campaign through effective use of media, others could use a different approach, one based on grass-roots programs. Council’s Health Rocks! program relied on the latter “grass-roots” model, one that differentiated itself from the strategy for The Campaign for Tobacco-Free Kids – where they adopted media extensively for its awareness campaign to educate the public on tobacco usage and its effects.

Another condition that was described by Goodrick and Salancik was when institutional values are themselves uncertain, in situations where “complex societies typically hold conflicting goals and beliefs, any of which can be used to rationalize and justify particular practices. And the practice that might be seen as illegitimate by one standard could appear quite legitimate by another” (p. 5). Similarly, while one organization such as National 4-H Council could accept funds from a controversial funding source, others, using a different framework of legitimacy, might condemn it – a fact that validates Goodrick and Salancik’s research.

In brief, commonly accepted standards or rules were non-existent.
CHAPTER FIVE

ANALYSIS

The very nature of the Cooperative Extension System, within which resides the 4-H movement, lends itself to the fragmentation of opinions, decision-making and action. The complex, multi-layered (local, state and federal level), public-private structure with innumerable sub-programs, while set up to address local needs, have also impeded the effort towards a common agenda on many occasions. As an illustration of these stumbling blocks, developing even a common definition of what the system means by “positive youth development” took an inordinately long time until all relevant and appropriate stakeholders could come to a consensus on a shared meaning. This is not a criticism as much as merely stating the reality of the organizational structure that is 4-H. As an example, agricultural agents within the Cooperative Extension system, as part of the agency’s traditional mission, concern themselves with the provision of technical and other assistance to the farmers within their jurisdiction – including the dispersal of knowledge on growing better yields of crops like tobacco. The 4-H agents, enmeshed in positive youth development activities, seek to establish and implement programs such as youth tobacco prevention amongst many others.

Nowhere was it more apparent that the structure of the system was creating rifts instead of consensus than when Council decided to accept funds from a tobacco company in December of 1998 – when, ironically, it appeared as if the entire 4-H system was galvanized. Sentiments were strong and readily forthcoming from all fronts, and on first glance it was a very emotional issue for most people. However, in analyzing the data based on interviews with key stakeholders, it was apparent that it was just not a question
of morality or ethics, but there were much deeper, complex issues at play related to the structure of the Cooperative Extension System, and how the different layers related to one another. As an interviewee put it:

“I didn’t have as much of a problem with Council deciding to do that. I mean, that’s a decision for Council to make. What put us in a bad position with the state was I had already gone to our state prevention coalition at the state level when all of this started to surface, and I said, ‘Don’t worry. 4-H in (in this state) is not going to take any of this money so it’s not even an issue for our state.’ It got dicey for us because the system is so decentralized. We had a county in our state that went around the state office and accepted the money anyway. All these coalitions at state level said, ‘Hey, what’s the deal? Don’t you have any control over your counties? I thought you said you weren’t going to take this money?’” (AA)

To provide some context, during this controversy National 4-H Council itself was undergoing a transformation of sorts as part of the larger 4-H movement. As described in Chapter III - Case Study, it was trying to define itself as an “innovative” organization, both in terms of issues that were targeted for creating and implementing programs, as well as structural changes within the organization. The Board of Trustees of National 4-H Council voted to adopt a governance policy where broad direction and guidance was set by the Board, and the day-to-day management decisions were made by the President and CEO and Council staff. This would later have some repercussions, as the first major test of this governance model was the acceptance of the Philip Morris funds by Dick Sauer, the President and CEO of National 4-H Council at the time.

To deal with the complex issue of corporate governance (as it relates to the focus of this study) in the nonprofit world, this study sought to look at the written procedures and guidelines of eight national youth development organizations working in the nonprofit arena. It was not surprising to discover that there were no clear guidelines that
dealt with this issue. The closest that these organizations came to addressing this issue was through delegating this responsibility ‘upward’ (i.e., its board of directors or trustees, or to one of the board’s committees), or ‘downward’ (i.e., to one of its affiliate’s boards) in the event of questions about acceptance of funds. To quote a couple of officers of two national youth organizations:

“We will accept contributions from any donor as long as the donation is unrestricted, that is, we do not have to perform any activity or involve our constituency in the performance of that activity. We do not get involved with sponsorship programs.”

As the other officer put it:

“The policy (of that national youth organization) is no tobacco funding. There is no official policy on alcohol – but obviously we would do no branding with them. The reason I say (that our national organization has a policy on tobacco) is because there are local programs that are independent 501 (c) 3 groups. Saying ‘no’ to tobacco money is one thing if you are a national group and quite another for a small or medium sized program. Their boards make those decisions independently of us. The board decides.”

For the purposes of this study, corporate partnership refers to any financial support whether guided by its philanthropy, or by its advertising, marketing or public relations strategy. The phrases “non-profit” and “grantee organization” are used interchangeably, as the assumption is that the non-profit organization or grantee is the recipient of the corporate grant. Also included are elements of the Memorandum of Understanding developed by National 4-H Council, albeit they do not address the whole spectrum of issues that were raised during the interviews. While it is easy to come up with safeguards agreeable to just one party, one hopes that this approach is acceptable to both parties, i.e., the grantee as well as the grantor (or donor). The approach and the elements of any contract or memorandum of understanding should be clear and
transparent enough to be articulated by the grantee organization’s staff or board of trustees, and be comprehensible to the public. In addition, the possibility exists that this approach may not fit every situation, and is only unique to this case study. One hopes that this approach could be adapted in ways that are relevant to each situation, as partnerships could have different needs and expectations.

What follows is an account of the interviews that depicts some patterns that relate to the topic under consideration. A strategic approach based on an analysis of the data will then be offered, relating the approach to both Oliver’s (1991) framework as well as to the deeper structural issues gleamed through a structural analysis as appropriate. Six key patterns were identified that related to the controversy that erupted:

- Lack of a Forum or an Intermediary Organizational Structure
- Inadequate Communication
- Different Approaches for Similar Goals
- Mission Misalignment
- Public Relations Benefit to Donor
- Apparent Lack of Independence

The discussion of these issues follows. First, a description that is directly related to the data is offered, immediately followed by an analysis of the data within the framework articulated by Oliver (1991).

**Lack of a Forum or an Intermediary Organizational Structure**

Several respondents mentioned that the lack of a central dictum, or the absence of a coordinating organization, was a key element in the confusion and controversy that ensued after Council accepted Philip Morris funds. One respondent fondly recalled that
there was a semblance of such an effective entity – more an ad-hoc committee –
established and dismantled many years before the acceptance of these funds. With
several jurisdictions and organizations, creating such a structure would have been
monumental within the 4-H movement. However, one important fact became evident --
several respondents stated that creating a central forum to coordinate 4-H priorities was
crucial as one of the respondents stated:

“... (A forum) just wasn’t in place before. I don’t think if it was ever in
place...probably in those years earlier, the funding wasn’t such a major
concern.” (DD)

Or as another interviewee put it:

“...a forum or an organizational structure that allows, in an orderly
fashion, the communication about making decisions. In a sense, this has
to be a partnership. The funders could give the money but if the system
isn’t going to spend it, why take it? I suspect if there had still been a
concern about taking Philip Morris money, they would’ve reached a
compromise in that setting about how that draft would’ve been managed.
They would’ve figured out a way for Council to take the money to do the
work. The work may not have been the issue at all. It was trying to
manage the relationship and the PR that goes with taking that money and
the implied agreement that the funding source was being supported in its
efforts to get people to smoke. They might’ve even had some of the state
leaders or some of the donors come in to meet with Philip Morris and be a
part of the negotiations so that the system could trust that that was not
going to be a sponsorship endorsement for the product. After all, we’re
the Land-grant university system, and the first thing you want to shy away
from are the sponsorships buying us. We should always have the truth as
ddictated by the research.” (JJ)

The idea of an intermediary organization was put forth by at least four respondents, who
encouraged the creation of a special entity within the 4-H movement. Quoting a
respondent, with experience in corporate executive management as well as with
community foundations:

“...it would probably be a good thing for 4-H to initiate the creation of a
separate intermediary funding agency to provide the oversight for this.
The money would flow into that intermediary and people would trust the Board of the intermediary or advisory group to channel the money directly...you could use a community foundation.” (FF)

Thus, the sentiment was that if there was an absence of a suitable forum where partners could come together to discuss, deliberate and decide on key issues affecting the 4-H movement, then the auspices of an existing organizational structure could have suited the purpose.

**Analysis**
The presence of a forum or intermediary structure evidently could have shielded Council from much of the tirade. However, if the organization is to take full advantage of this forum and adequately address the issues, it has to go deeper in its deliberations. To confront the underlying issues, one has to unravel the deeper meaning of what was said, or left unsaid. In the case study, the contradictions that were exposed by the turbulence needed to be addressed. For example, the forum could have considered the contradictions themselves that were exposed by this turbulence, emphasizing the need for clear guidelines. In this case the contradictions were based on pitting youth issues versus those of adults, i.e., implying that it was acceptable for adults to smoke, but unacceptable for kids. The fact that the public sector 4-H movement had an urgent goal to prevent youth from consuming tobacco, which in itself was a legitimate product that could be used by adults, caused a level of confusion that needed to be addressed in a forum. This example, as well as other structural level anxieties and repressed issues such as the anxiety caused by Council’s change in direction toward “innovation” could have been articulated and addressed within such a forum.
Approach

Buffering tactics, defined by Oliver (1991) and Scott (1998, 2001) as an organization’s attempt to protect its technical activities (Thompson, 1967) from external scrutiny or inspection, could have been an effective way for an organization such as Council to protect its youth tobacco prevention program from institutional pressures. One possibility would have been to use a component of the overall broad strategy of avoidance – that is, creating an external structure with the involvement of key stakeholders that would have deliberated on the issues of funding from all sources, not just those deemed controversial. In other words, decoupling the program function from the overall task of managing relations with the public or from discussion of the pros and cons of funding from a controversial source could keep program staff less distracted by having to manage controversy and more focused on the project itself. In this way, staff could potentially have been more attuned to the technical content of program development and implementation, giving them more time to produce potentially positive results (that is, reduced youth smoking). These positive results could have negated the views of at least some nay-sayers who might have questioned the program’s possible long-range effectiveness because of its ties to a tobacco corporation.

Normalizing activities can be conducted by organizations where it can repair damage to its legitimacy by either denial or excuses, or by attempting to “justify the disruption, redefining means and ends retrospectively, in order to make the disruptive events appear consonant with prevailing moral and cognitive beliefs,” or even by “explaining the disruptive acts in such a manner that it still preserves an otherwise supportive world-view” (Suchman, 1995, p. 598). In Council’s case, their communication strategy should have been framed as an offensive strategy rather than as a
defense – i.e., clearly explaining their stance rather than offering a denial of the relationship or offering excuses. To further this openness about the relationship, they established talking points for staff to respond to anyone asking about the program or funding relationship. The fact that there were several states who implemented the program, regardless of their justification or possible self-interest, attests to the support, however limited, that Council received. Another non-state partner who worked on the program viewed the memorandum of agreement that existed between Council and Philip Morris USA guaranteeing the former’s independence in program development and implementation as a document that was symbolic of the spirit of the work for which Council stood, and agreed to sign on to the overall development of the program.

Another strategy to increase relationship legitimacy is based on restructuring activities where an organization can selectively confess that certain aspects of its practice were faulty, and then act without haste to correct those flaws (p. 598). One type of such reactive restructuring – or “damage control” involves the creation of monitors and watchdogs. As an illustration, in response to the issues faced by Council with controversial donors in the past, Council took the lead in establishing the National 4-H Leadership Trust along with its key stakeholders where it emphasized that any future funding relationship with a controversial donor and corresponding actions would be first vetted by this committee, acting in the role of a monitor. Such an action allows an organization to “post a bond against future recidivism (p. 598),” even though in the case of Council, blatant impropriety was virtually absent.

The absence of an effective intermediary structure that would guide the process of accepting funds for the 4-H movement was partly responsible for the controversy. While
existing forums did exist, they either did not represent the 4-H system fully, or were so bogged down in personalities, power struggles and politics that they were largely ineffective. A forum where the stakeholders could debate and discuss the issue of accepting funds from a controversial source could provide the kind of decision-making support that an organization would need. Not only would such a structure mitigate distrust by conducting its deliberations with the involvement of key stakeholders, but it offers a more democratic means for an organization to reach its decision. An organization can create such an entity by naming ad-hoc committees comprised of members of its Board, or of its senior staff, or even by including stakeholders in that community or field within which it operates. Critical success factors for such a structure are dependent on transparency of information, constant information gathering and processing, and inclusion of key stakeholders.

**Inadequate Communication**

The issue of communication – or lack thereof – also kept bubbling up to the surface. It either was an issue in itself, or sometimes contributed to other issues, such as distrust. Several respondents recalled that Council indeed did inform the states about the partnership with Philip Morris at the time, and tried to get their buy-in. However, to some of them, it was a “done deal” by the time they were asked for their input. In other words, in their minds, a decision was already made by Council, and now Council was in the process of selling it to the states, whether the states wanted to buy into it (the program) or not. Several interviewees expressed that Council did not sufficiently communicate to the “grass roots” and gain their support, though according to one of them, this was not common practice within the 4-H movement:
“We used to talk about the needs of the clients. We used to talk about the social climate, the political climate, whether we had the knowledge and research base to do the program, and whether extension administration would support it. It didn’t always have a lot to do with grassroots…” (JJ)

Another interviewee suggested that at the bare minimum, if 4-H had made more sincere efforts to seek input from the key stakeholders early in the process, they would have been more receptive in the end, regardless of whether they were really involved in the decision making:

“...Then you add this isolation. Each of the states is relatively isolated with communication.” (DD)

Lack of transparent and free flowing communication between states was also identified as an issue:

One state 4-H leader who did not accept Council funds for the program was faced with similar, but much less divisive issues in his state around the acceptance of funds from the gambling industry. State law there had dictated that the industry create foundations in order to distribute certain fixed proceeds of its revenue as grants to their communities. The 4-H programs in those counties were encouraged to apply for these funds. This state 4-H leader, who at that time was a major critic of National 4-H Council for other reasons, cited Council’s decision of accepting funds as just one more in the “credibility” gap that existed between Council and the rest of the system. His suggestion was that Council should have consulted with the states before it sent in a final proposal to Philip Morris USA, and felt that he and many others were out of the loop. Alluding to the meeting in
March 1999 at Council where Carolyn Levy, the Philip Morris representative spoke to the State 4-H leaders at their annual meeting, he said:

“Let’s say that we had a session between Don (referring to Don Floyd, at that time Chief Operating Officer of National 4-H Council) and the representative from Philip Morris, let’s say that at that time the contract between Philip Morris had not been given (sic), let’s say that at that time it was a discussion of the pros and cons, and at the end of the day, 65 percent of the program leaders said ‘Yeah, we would like to have the money, we think that it would be important to have these safeguards so that Council really did control it, and all of that’...if the money had not already been given, the 65 percent of us who would have supported the program might have spoken up more strongly and said ‘We think we can do some good things with this,’ so the 35 percent who were opposed to the funding could have still said ‘We are opposed,’ but in a democratic organization, they could have at least walked away from the meeting and said ‘We had our chance to give our say, we had a chance to voice our objections, and our opinions, but the majority of our organization felt that we could benefit in some way from this, so we won’t participate individually, but we are not going to make a fuss about those people who are going to participate.’ So it might have been a different conversation if the money hadn’t already been in the bank.” (LL)

Whether inadequate or faulty communications were perceived or real, the perception of such a failure contributed significantly to the Phillip Morris funding erupting into the controversy that it became.

Moreover, Council did meet with the Campaign for Tobacco-Free Kids, the most vocal of the groups opposing 4-H’s partnership with Philip Morris, in an unsuccessful effort to partner with the Campaign to establish the program. However, this was not made explicit or clear to Council’s partners in the field and its core audience, including the volunteer base upon which the 4-H movement is built. According to one interviewee:

“You have got to communicate every issue seven different times in seven different Medias...” (DD)

Furthermore, when the controversy enveloped the larger 4-H system, Council did not have a media plan in place that was proactive. The communication strategy was reactive
to the events that merited a reply; only later did Council go on the offensive, with the assistance of a consulting firm. However, by that time the damage had been done. The anti-tobacco groups had fired enough salvos, ostensibly to create pressure for National 4-H Council to drop the program and disassociate from Philip Morris. As a state 4-H leader observed:

“...You did several things ahead of the controversy, but in terms of the most immediate – 'this is gonna happen, this is gonna happen, this is gonna happen,' or 'we anticipate this and this'...from a distance, it felt to me that you were always not far behind but a step behind, and you needed to be two steps ahead in order to really have the ability to minimize it in orders of magnitude.” (BB)

Combined with the perception of some in the states that the communication coming from Council was not frequent enough, and worse, not consistent, this reactive method of communication only confused how this issue was to be addressed in the media by folks in the field.

Moreover, there were issues had to be dealt with within the organization. While Council had a marketing department, their focus was on raising the profile of 4-H as a system, and were preoccupied with initiating a national advertising campaign. There was no well-thought out crisis plan for communications, which could possibly have been developed if there was a longer lead time between the acceptance of funds from Philip Morris and the notification to the states. In addition, there were lingering issues of distrust between members of the program staff and those of the marketing department which spilled over into the Health Rocks! program. As one interviewee stated:

*There was no homework done on the opposition. There was a small group of folks who were very vocal, well organized, and technologically savvy. And the lack of trust within the departments did not help the cause of (developing) a rapid communications plan.* (HH)
Analysis
National 4-H Council had never included any of the states in their decision-making process regarding the suitability or otherwise of its funding partners – but were perceived as suddenly including them after the fact. If one carefully notes the phrase uttered by one of the interviewees “So it might have been a different conversation if the money hadn’t already been in the bank,” it gives credence that this person’s suspicion – perhaps even paranoia – was a direct result of the prevalence of moral ambiguity in the environment. The Memorandum of Understanding that Council had signed with Philip Morris USA was very clear in its intent, scope, and terms of agreement. If Council ever felt any pressure from the tobacco giant, the former could end the agreement and retain the unspent funds. But even a contract that clearly articulated the terms of the agreement wasn’t enough to assuage some of the states. Thus, unless we consider the underlying suspicions, fears, paranoia, anxieties, confusion, and inconsistencies that reside in the normative environment – the basis for the verbal expressions of individuals – adopting a strategy or establishing guidelines or any other standards may not fully address the issues. So for example, a few interviewees earlier expressed the need for a forum – or an intermediary structure – not just for the sake of creating a medium, but as a platform where these suspicions, fears, anxieties, and other issues can be discussed, deliberated and acted upon.

Underlying all this were the deep fissures between the states representing the field and Council, tensions which went largely unexpressed. While reference was often made to the “grassroots” nature of 4-H, what became apparent was the perspective held by many in the field about Council’s management and structure. Frequently, comments
were made about the fact that at that time, except for a very tiny minority, almost none of Council’s leadership or program management had experience of local 4-H programming efforts by “working in the field.” Many of the individuals who worked at Council were seen as professionals who were involved with the raising of funds for youth programs, though not necessarily work that aligned directly with the mission of 4-H. Not having strong ties and very likely not knowing the typical demands made of an average county 4-H agent – the long hours involved working in the field, organizing volunteers, teaching and adapting curriculum to volunteers and youth, managing with a small budget, working with local community leaders and organizations, and several other facets of a county 4-H agents profession – there was a belief that a majority of Council staff did not know what it actually meant to create and implement programs for the local level.

The word “innovation” in Council’s mission at that time lent credence to the idea that Council was heading into a different direction, no longer having the core audience of 4-H youth as its main focus. It also might have given rise to the perception that, coupled with the fact that not many within Council had come up through the 4-H ranks, Council staff may not have had a strong commitment to the history and tradition of 4-H, or at least not as much as the professionals who worked at the local level. The expectation from the field, other than operating a conference center and managing a catalog company, was for Council to raise funds for 4-H. Many were of the opinion that program creation and delivery was the domain of the state and county staff who were part of the state land grant college system. As researchers and practitioners, they had within their organizations the knowledge to create and implement programs, based on sound science and research. The fact that an organization like Council – that was not research based,
and not part of the university system, but an independent private organization – was raising funds from a tobacco corporation that could hurt the reputation of the 4-H movement, rankled many.

**Approach**

Suchman (1995) suggests that efforts in *advertising* (including *image* promotion and *strategic communication*) could help make constituents more sympathetic to the cause of the organization. For instance, the memorandum of agreement that was signed by the CEO’s of both Philip Morris USA and National 4-H Council could have been more actively promoted. While this wouldn’t have completely resolved issues of distrust, this strategy may have convinced a few of Council’s forthrightness and true intent. Recently, media has taken on an increasingly important role in “exposing gaps between business practices and society’s expectations” (Greening and Gray, 1994, p. 475). For instance, the recent explosion of corporate scandals and improprieties such as those associated with Enron and MCI have gotten extensive play in the media and has no doubt played a large role in public perception of those two companies. The Campaign’s effective use of negative media to attack Council’s acceptance of funds from Philip Morris could have been countered with a positive public relations strategy of Council’s own to mitigate the damage from the attacks.

An interviewee remarked:

> ...when I worked in adolescent health issues, I’ve never met a more vehement, passionate, single-minded group of people than the anti-smoking people, and they are so revved up on the tobacco industry right now and pounding them, that anybody who takes the money is going to have a whole set of people at their throats for legitimate, illegitimate, and inappropriate ways – not because of the nature of the deal but because they are passionate. So you have got to judge not only the controversy for you and the controversy for the funder and the controversy for the
stakeholders, but the extent to which the controversy has advocated who will benefit from making it a controversy. That’s a whole separate factor from the rest of the equation that has to be figured in there. It’s the hardest one to estimate because they come out of the woodwork.” (BB)

And as even a Council staffer acknowledged:

“We were in this kind of reactionary mode. Instead of arguing initially, we should have said “we are doing this for kids. We were way over our heads regarding our public relations strategy.” (NN)

In addition, if Council did have the support of its main constituents, the larger 4-H movement, they also could have, in concert, attempted to exert pressure on the normative order by “actively proselytizing for a morality in which their outputs, procedures, structures, and personnel occupy positions of honor and respect. Over time, such collective evangelism helps to build a winning coalition of believers, whose conceptions of socially desirable activity set the terms for subsequent moral debate” (Suchman, 1995, p. 592). Thus, while Council tried to communicate their strategies to key constituents and win them over, there were other forces at play which made it challenging for Council to form a “collective evangelism.”

However, while a decoupling tactic might work for an organization in separating the core programmatic function from its fundraising arm, the danger of removing it from public scrutiny should be avoided. As Oliver reminds us:

“…When a voluntary social service agency depends on public approval and scrutiny of its practices to obtain legitimacy and funding, the misguided effort to decouple organizational activities from public inspection and evaluation may throw the organization’s activities open to suspicion and reduce its ability to obtain resources, legitimacy, or social support” (p. 155).

Thus, any communications to the public should be open and visible, and a nonprofit organization should avoid communicating anonymously. Such communications could
encourage more transparency of the nonprofit organization’s activities, and render any messaging that comes out of the nonprofit more consistent, minimizing any confusion that could emanate from ‘anonymous sources’ or rumors.  A nonprofit should answer to all media inquiries or questions from the public about any particular corporate partnership, including dispelling any rumors with a frank and immediate discussion. This communication should include a full explanation of the non-profit’s actions and justification for that action. This strategy will only enhance the image of the nonprofit for displaying candor, as well as demonstrating that it is accountable to the public, a hallmark of the nonprofit. As a corollary, any documentation leading to the corporate partnership should be maintained as a matter of record, and produced if a situation so warrants.

As a measure to guarantee expressed support of its staff, board of trustees, or its partners in implementation of the work (or program), a policy should be established that will enable the nonprofit organization to speak with one voice about the corporate partnership. Not only will this policy assist in relaying a common message to the public and the nonprofit’s constituents, it also will mitigate any confusing or mixed messages flowing to its audience. This is especially relevant when the organization seeks to challenge or attack “institutional values and the external constituents that express them” (Oliver, 1991, p. 157). Thus, one or two officials of the nonprofit (either from the staff of the nonprofit or the board of trustees) communicating a common message should be the designated ‘spokespeople’ of the organization. Other staff as well as the trustees of the board should be informed or trained on the issue, even if it is as simple as pointing anyone in the media or the public interested in the issue to the designated spokespeople.
Care should be taken to select only articulate individuals who are well regarded by the nonprofit’s core audience and others for their honesty and forthrightness. While Council developed a unified message, it was not done soon enough. The fact that “there was no homework done on the opposition” indicated the almost naïve manner in which Council approached the program. However, for a unified message to be developed, it was essential that mutual trust and support existed intra-organizationally.

Thus, beyond maintaining open communication, the nonprofit would be well advised to think through its messaging and communications, and be pro-active in its reach to others in the community.

**Different Approaches for Similar Goals**

On a larger perspective, National 4-H Council, an organization with a history of positive youth development, was trying to address the issue of youth tobacco prevention through a traditional approach. The creation and use of curriculum was an accepted practice within the 4-H movement, with curricula ranging from aerospace to sewing to transportation.

National 4-H Council’s approach in this case was no different from past practice. The program’s centerpiece was the creation of a curriculum that would be designed by adults experienced in the subject matter (dangers of tobacco and tobacco prevention) and in human development (to ensure age appropriateness of the materials), along with youth partners. The objective was for youth and adult training teams to use the materials within a non-formal educational framework, though school systems were free to use them if desired. The experiential way of learning, reinforced in the 4-H methodology, also lent itself to a sense of levity in the education process, a matter of pride in the youth development world. Learning could be fun.
The Campaign for Tobacco Free Kids approach was not curriculum-based; their approach was one of ensuring that youth did not use tobacco products by alerting the public about the dangers of tobacco usage, as well as to inform citizenry (including youth) about deceptive tobacco company practices. Whereas Council was adopting a tested strategy that relied on trainers and volunteers using curriculum, the Campaign’s strategy was media-heavy in its efforts, with the target clearly being the tobacco giants. Several public health groups endorsed the advertisement that the Campaign sponsored, which personified, at that time, the gap or insufficient collaboration between that of public health groups and youth development organizations. As one interviewee who has been in the youth development field for over three decades remarked:

“Health educators are more internal than we are as 4-H people and developers. They think they are the only knowledge on the face of the earth so there’s that issue too…” (DD)

**Analysis**

As a relatively “new entrant into the well defined field of substance abuse prevention programming and program evaluation,” the effects of this inexperience was reflected in the “structure and process of National 4-H Council’s planning and development” (Backer and Kunz, 2003, p. 94). As Backer and Kunz, in their study of the *Health Rocks!* program offer in their conclusions on the lessons learned:

“Perhaps at the most general level, it could be said that National 4-H Council was in some important ways simply naïve about the complexities of the very complicated transformational change in which it was engaged – and had some painful opportunities to learn from experience! Nonprofits with more experience in the publicity and public relations costs of accepting money from a tobacco company would have been more rigorously prepared for the negative reactions that ensued, both from advocates and from some in the communities where National 4-H Council was working (including within the 4-H system itself). A greater degree of experience with substance abuse prevention programming might have led...
to a different decision about crating an idiosyncratic program, as opposed to adapting one with a significant science base behind it” (Backer and Kunz, 2003, pp. 95-96).

The program did not adequately consider the well-researched and scientifically based program and curricula that were already in existence, further alienating those in the substance abuse prevention field. However, this fear of a potentially biased program based on unsound scientific practices was ill-founded. What the health community was not aware of were the efforts of Council to bring in a few key members from this field as part of its design team, which ultimately proved abortive. In any event, the curricula (which ultimately proved to be unbiased) and the methodology of National 4-H Council which was rooted in an almost century-old proven practice were initially different that those existing in the field.

**Approach**

*Manipulation*, a strategy suggested by both Oliver (1991) and Suchman (1995), while denoting a hint of negativity, is often regarded as a viable strategy by organizations that seek to define the rules of its environment. However, *cooptation*, as one of the tactics within manipulation, was not a feasible solution in Council’s case. When Council invited the Campaign for Tobacco-Free Kids – not so much with a view to deliberately partner with constituents whose support was vital, but more as intent to learn and be educated about the crucial dimensions of a youth tobacco prevention program – they did not gain the latter’s support. In fact, as observed from the case study, the Campaign opposed Council’s program, as evidenced by their sponsorship of various *attack* (a tactic within the Defiance strategy suggested by Oliver) advertisements. *Cooptation* may not have worked in Council’s case. In fact, Council could have taken the initiative and attacked
the rules of the game, especially to “increasing public criticism of its operations…on the media’s representation of public opinion toward the organization” (Oliver, 1991, p. 157). As Oliver wrote: “An attacking strategic posture is most likely to occur when institutional values and expectations are organization-specific rather than general or defocalized, when these values and expectations are particularly negative and discrediting, or when the organization believes that its rights, privileges, or autonomy are in serious jeopardy” (p. 157). This was particularly relevant in Council’s case, when it was faced with serious questions as to its integrity and motivations in accepting funds from Philip Morris USA, particularly as a result of the implications of the advertisements and correspondence targeted by the Campaign and its constituents at its Board of Trustees and various constituents. A tactic of taking the fight over to the other side, instead of being put on the defense, would have further defined the posture taken by Council, and would have provided the impetus necessary to bolster its claim of independence and honesty. It could be said that it was the Campaign that utilized this tactic to some modicum of success, and not Council. One interviewee suggested that Council should have been more pro-active in strategizing about the program:

“We should have had more strategy sessions with Philip Morris...about how to implement this. What could we expect? What would the problem be? Where is the resistance? Where are the states that could be more friendly? Where do you have the connections (referring to the relations of Philip Morris USA with others)? Where do people understand the issues? Actually I never thought about this until just now. That's the piece we did not do well...that would have given us strategy guidance on where to start.” (NN)

The grantee organization should seek broad advisory input into the design and content of the work (or program). It should invite the participation of all stakeholders of the work (or program) in the design of the program, including any
curriculum or other written materials, if any, as well as its training methodology and identification of target audience. If possible, the non-profit should invite their (or their organization and its affiliates) participation in actual implementation of the program.

Stockpiling (Suchman, 1995, p. 596; Scott, 1998, p. 197; Ashforth and Gibbs, 1990) goodwill or support can be an effective strategy. It can act as a reserve, “whereby management can occasionally deviate from social norms without seriously upsetting the organization’s standing” (Ashforth and Gibbs, 1990, p. 189). Stockpiling cognitive legitimacy can also be built by “constructing communication links between the organization and its social surroundings. Frequent and intense interaction creates dense webs of meaning that can resist, survive, and repair disruptions in individual strands of understanding” (Suchman, 1995, p. 596). The interviews suggest that while the 4-H movement had the potential to have this stockpile built up locally as well as nationally, it was absent at that time as an organization. The lack of goodwill, broad support, as well as the absence of frequent and intense communication contributed to Council’s inability to create and maintain this stockpile. However, it would have been an effective strategy to mobilize support, especially in lieu of the potential to project a united front against attacks from constituents external to the 4-H movement – and increasing the perception of unity of a proven program methodology that was different from that existing in the substance abuse prevention field.

Suchman suggests perceptual strategies that an organization could utilize to learn about external changes so it can keep up with institutional developments in an ongoing manner. These perceptual strategies consist of an organization “monitoring the cultural
environment and assimilating elements of that environment into organizational decision processes, usually by employing boundary-spanning personnel as bridges across which the organization can learn about audience values, beliefs, and reactions” (p. 595). As a Council staffer stated:

“When a volatile program like this one, we should have done more of an assessment of risk, researching what the Campaign (for Tobacco-Free Kids) was doing and what it was likely to do, and building a more proactive crisis management plan” (Backer and Kunz, 2003, p. 82).

While Council did reach out to a few state 4-H leaders to gauge their reaction about funding from Philip Morris, in the mind of a few, the decision was already made by Council before this outreach effort. Moreover, the memorandum of agreement that was created by Council to signify its independence did not consider the views of some of its key constituents. While innovative and exemplary, it was written by Council staff, and not a collective product of the collaboration of all of the main stakeholders of the 4-H movement. In fairness to Council, a forum where this could have been discussed, existed in name but not in action. Additionally, getting additional input would have required a lengthier time frame for approval of a formal memorandum of understanding.

From the case study, one can observe that the perception of many interviewees who thought that the contract between Council and Philip Morris USA was a “done deal,” only exacerbated the tension. Many of those interviewed thought it was not worth their time and effort to be part of any decision-making forum as their impression was that any invitation from Council after the fact might have been done either for public relations reasons, or because Council was desperate to get states to sign into the program. Strategically, the organization also would have benefited by conducting even a basic SWOT analysis (Identifying strengths, weaknesses, opportunities, and threats) or other
types of environmental scanning and capacity identification efforts – or “more aggressive
trial ballooning,” as one interviewee stated. While Council was aware of some of the key
players in the field who could have been likely opponents or allies, that information was
partial, and only remotely prepared the organization for the challenges that ensued.

**Mission Misalignment**

Many respondents felt far-removed from the organization and its motives as its mission
and focus changed. One major event that occurred almost four years before the
acceptance of Philip Morris funds was cited as the primary reason for the feeling of
distrust and lack of receptivity toward communication that seemed to have enveloped the
4-H movement vis-à-vis National 4-H Council. That event was the decision that Dick
Sauer made, in his capacity as the President and CEO of National 4-H Council, for
Council to not participate in a decades-old program called National 4-H Congress, which
was an annual event that recognized 4-H youth from all states for their accomplishments.
Citing an eroding base of funding support, as well as stating that the event perpetuated a
stereotypical image of 4-H, Sauer declared that National 4-H Congress would no longer
be managed by National 4-H Council. That decision, even though commended by a few
as courageous and progressive, proved to be very unpopular within the 4-H movement.
This had historically been a high-profile event, with strong participation from members
who had formerly been 4-H’s biggest supporters. By making this decision, 4-H became
perceived as being somewhat arrogant, or not being good enough for the image they had
held for so many years. 4-H members began to feel distanced from the decision-making
machine, and distrust consequently grew as a result. Almost all the 4-H state leaders who
were interviewed cited the decision around National 4-H Congress as the cloud that hung
over any major decision that Council made since then. Thus, the decision around accepting these funds was made in that environment.

One interviewee, while commenting on the whole fracas, said:

“...in leadership theory, they say they mandate several things (sic). Of them, honesty and trust I think were those variables that were gone at that time.” (DD)

The key elements that any non-profit needs to consider when discussing its reason for existence are: What are its mission and vision? What are its values? Is any work that is currently being undertaken, or that is being contemplated to be undertaken, congruent to its stated mission and vision? During the interview process, this issue was repeatedly brought up by several interviewees, especially in the light of the source of funding and the controversy surrounding the tobacco industry. To quote an interviewee:

“Certainly the money needs to advance the organization’s mission and purposes without compromising the integrity of the organization. I realize that’s very vague and it gets really dicey, but there needs to be criteria.” (CC)

Moreover, the report issued by the External Review Committee (Report of the External Review Committee, 2000) comprised of individuals from various levels of the 4-H movement, and commissioned by National 4-H Council, criticized this new mission that paid undue emphasis on innovation, ostensibly implying the inadequate attention that was given to 4-H’s goals.

**Analysis**

The word “innovation” in Council’s mission caused confusion and anxiety amongst many individuals within the 4-H movement. Many 4-H professionals and youth from almost all the states had contributed funds toward the purchase and construction of National 4-H Council’s establishment and physical structure during its early history. Some of these
individuals had contributed literally pennies as youth, and felt a sense of ownership and pride. However, it appeared now as if Council was leaving the 4-H fold with its change in mission. The general argument put forth by these individuals was that Council was acting in a manner which was not in alignment with its mission. While “innovation” was a buzzword within Council at that time, the critics felt that the concept of innovation, which might have implied risk-taking, was not warranted when it came at the expense of the long-standing mission of the organization. Furthermore, it alienated the base of supporters of 4-H with fairly traditional values when it came to the purpose of 4-H – who were highly resistant to change. This base of supporters was not only resistant to change, but also highly opinionated and influential – and contributed significantly to the increasing climate of distrust and alienation. Commenting on the aura of “innovation” that hung around Council, an interviewee remarked that as an organization focused on innovation, without much regard to the actual needs of the local and state organizations, “You are not into consensus building.”

**Approach**

Selznick’s (1949) work on interest groups and goal displacement (see Chapter Two – Literature Review) cautions organizations on the possibility of key goals of the organization getting sidelined at the expense of managing the controversy. While co-optation might not be a tactic that Council could have used, it’s important for to uphold the original objectives of the organization to maintain its legitimacy. A perception by the public that the funding caused an organization to dilute its focus might fortify the arguments made by constituents of its institutional environment (and the source of institutional pressure). Oliver’s (1991) strategy of *acquiescence* discusses conformity of
the organization to institutional pressures, hinting that total autonomy of the organization could be constrained as a result, and could even foster a change in the organization’s goals.

An important issue is clarifying the corporations with which a non-profit will not partner. That is, a non-profit should determine a priori whether it will exclude any corporation or category of corporation due to the manufacturing of certain products or the offering of certain services that is part of the corporation’s business, or any corporate practice or tradition deemed offensive to the non-profit’s core audience. As an element of that determination, the non-profit should not only consider the values and attitudes of its core audience through perceptual strategies (Suchman, 1995), but should take into account its mission.

As an interviewee cautioned:

“...Make sure that it’s for what (accepting money from controversial sources) you want to do. Make sure the good it will do and what it will create is not only worthwhile but central to your mission, because another way to get controversy is mission drift. If you have mission drift from a controversial source, you really have a double complication.” (BB)

In addition, a non-profit may also want to partner with a corporation, but may want to limit the association to any other work (or program) of the non-profit other than, say, youth development. For example, similar to the strategy of Avoidance, particularly the tactic of escape (Oliver, 1991), an organization may partner with a tobacco corporation for accepting funds for general operational support or to sponsor a dinner for youth development professionals at their national conference, but may want to draw the line at youth tobacco prevention. That is, the organization could alter its goals and even “exit the domain” (p. 155) in order to escape conformity; funding for its tobacco
prevention program may not be a suitable use of these controversial funds, but the funds are used nevertheless albeit for a different purpose. The non-profit may or may not make exclusions, but it should prepare to state and justify its policy.

Alexander suggests that:

“…organizational goals are shaped through the competition among organizational participants with differing visions for what is best for the organization as a whole. This is an important insight into the behavior of nonprofit organizations” (Alexander, 1998, p. 281).

This key aspect of nonprofit operations is important to acknowledge if one seeks to understand the stated mission or expressed goals of nonprofit organizations. As we have seen in Chapter Two – Review of the Literature, most nonprofits today are faced with both financial goals and bonoficing goals, with competing “dominant coalitions” (Cyert and March, 1963) vying to wield their influence. In Council’s case, though a private nonprofit, part of its constituency and competing group belonged to the public sector 4-H program. A mission change resulted in wide-spread antagonism and acrimony with accusations that Council had changed its mission so much so that it ostensibly had forgotten its roots. Thus, Council would have been better served if it created an opportunity – visible and open to all layers and regions of the 4-H system – to either be a part of its visioning process, or to offer at some point a chance for the system to legitimately react to the potential change in its mission.

As an organization committed to the public interest, a non-profit should operate according to its formally stated mission. It should organize its governance structure, fund raising activities, and its programs to meet its stated purpose of existence. Written policies and procedures consistent with its mission should be developed to guide the actions of a non-profit, including guidelines that safeguard its image and assets. These
should also include policies on developing and managing a corporate relationship, containing therein a statement on the necessity of partnering with corporations. With these in place (assuming that these policies are approved by it board of trustees), any future partnership with a corporation should adhere to these policies and procedures, which in turn are true to its mission. While this could result in a higher level of informed decision-making by management, it should also increase public accountability. It would be more useful if these policies were in existence before the non-profit entered into a partnership, and not as a reaction to a particular situation.

The non-profit organization should delineate its process of making decisions regarding corporate support, and demarcate the responsibilities of both the board of trustees or other governing structure and key staff. Care should be taken to ensure that a non-profit has the financial and human capacity to meet the goals of the work (or program) and fulfill all its obligations.

Arndt and Bigelow (2000), in a study of private, nonprofit hospitals in Massachusetts, state the effective use of the hospitals’ use of defensive impression management tactics:

“First, the reports (annual reports issued by the hospitals) claimed that the need for change was induced by external pressures. This excuse signaled that the organization was not willfully departing from accepted practices. Second, restructuring was declared essential for organizational survival and for the continuation of valued services. This justification signaled that the structure’s purpose was to support already legitimated activities. Third, the decision to restructure was described as carefully thought out, and reassurances were made that the new structure would not alter interactions with stakeholders. These disclaimers signaled the organization’s sobriety and constancy of purpose in the pursuit of its legitimated activities. Fourth, the newness of the innovation and of the organization’s own status as innovator were downplayed, which deflected attention away from the organization’s deviance” (p. 511).
None of these tactics that Oliver could easily categorize within those of a strategy of Manipulation were adopted by National 4-H Council when it changed its mission. No justifications were made and none were communicated. Even disclaimers, defined as a tactic “to ward off and defeat in advance doubts and negative typifications which may result from intended conduct” (Hewitt and Stokes, 1975, p. 3), were not made by Council when rumblings of its changes in the organization’s mission and vision were raised by a few county and state personnel. The lack of defensive impression management tactics that could have been utilized when it changed its mission and vision ultimately jeopardized its Health Rocks! program, as evident from the comments of some of the interviewees.

Oliver (1991) suggested that a strategy of Defiance is best utilized when the organization is beyond reproach. She outlined that:

“Organizations will be more prone to challenge or contest the rationalized norms or collective rules of the institutional environment when the challenge can be reinforced by demonstrations of organizational probity or rationality” (Oliver, 1991, p. 156).

As a venerated youth organization which at that time has lasted for nearly a century, the contribution of 4-H to the American social fabric was beyond question. The elevated status of 4-H at least at the local level was exemplified by the community reaction against the negative advertisements that appeared in Connecticut and Montana (see Chapter Three – Case Study). An approach where the goals of the tobacco prevention program and National 4-H Council was highlighted and promoted could have assisted Council in its communications strategy. An organization also can “accumulate a record of technical success” by organizing “demonstration events’ providing lasting validation of
procedures, structures, and personnel,” a strategy especially useful when it sought to manipulate elements of its environment (Suchman, 1995, p. 592). Thus, a re-telling of its century-old successes beyond that of tobacco issues could have reminded communities of 4-H’s vitality and relevance.

**Public Relations Benefit to Donor**

Significantly, almost all the people interviewed were concerned about the image enhancement and public relations benefit that Philip Morris stood to gain from granting funds to a “respected” organization like 4-H. With all the negative press and the court injunctions that had plagued the tobacco giant, their association with an organization that had a positive image could only help to burnish the former’s image. ‘Buying respectability,’ as one might call it, was the sole reason why Philip Morris wanted to partner with 4-H according to many, who were concerned about their ulterior motives:

> “One of the questions that comes up with the National 4-H Council is: How are going to acknowledge the income source? Where is that name going to be printed? Are you going to print it on any publications? Are you going to print it out in the annual report? Are you going to put a big flag out and wave the flag? How are you going to do that? And certain donor sources will expect a certain amount of recognition while others will say very quietly, ‘We don’t need that recognition; it’s not important to us.’ I think that the rules are changing and I suspect if one looked into the history of sponsorship and the requirements of donors, there might be some changes that were going on about the time of all this uproar with the Philip Morris money. The expectations were that we want more for our gift and therefore, the expectation was that Philip Morris was going to be written on every piece of literature and every advertisement for the program. In the worst scenario, they’d have to fly the Philip Morris flag over the 4-H center or something.” (CC)

Many cautioned about the utilization of 4-H’s logo and image by Philip Morris for its own promotional and marketing purposes. To quote an interviewee:

> “Philip Morris knew exactly what they were doing. Exactly. And they did it for public relations reasons. They felt that the spending of those dollars
got them enough public relations benefit that they were willing to give those number of dollars to 4-H...there were enough people and it was broad enough that they were doing this – even though they didn’t come out publicly and advertise it – and they got the benefit of it.” (EE)

Or as another interviewee put it:

“Are they trying to bolster their civic image or their sense of public citizenship by saying ‘Look how good we are; we give this money to these very worthwhile youth groups but at the same time we are still engaged in producing a product that creates health problems for other people?’” (II)

The full-page advertisement in a St. Louis newspaper sponsored by the Campaign for Tobacco-Free Kids (“The National 4-H Council in Marlboro Country”) included the following line:

“Philip Morris’ partnership with the National 4-H Council is just the latest in a long history of similar efforts to gain much-needed legitimacy and credibility. This has enabled it to avoid fundamental change in the marketing tactics that have made its Marlboro brand the choice of over 60 percent of youth smokers...”

**Analysis**

If we pause for a moment and think about what was not said, one can see why youth development professionals could have been confused about the issue. While society has accepted, perhaps somewhat grudgingly, the presence of a legal product meant to be consumed by adults, and which has not been outlawed, it indeed is confusing to professionals in the youth development field, and maybe even contradictory, that they work on tobacco prevention. Are the youth workers unconsciously pitching youth advocacy against the rights of adults? Are they trying to prevent youth from consuming a product that one day they or their peers might legitimately consume as adults?

While the fear of inappropriate usage of the 4-H image may have been displaced (the 4-H clover logo is controlled via stringent guidelines by USDA, authorized by an act
of Congress), their point of a partner organization’s logo and image (Council) as a manifestation of the larger 4-H movement being utilized for ulterior purposes by a tobacco corporation is well-taken. After all, the question begs to be asked – the donor must be gaining something from this arrangement after all, otherwise why would they be doing it?

The quote made by one of the interviewees that the “rules were changing” regarding corporate sponsorships are right on the money, so to speak. Corporate largesse has undergone a dramatic change in this country. Gone are the days when corporations wrote checks to charitable organizations and laid back, feeling good that it had given funds to a worthwhile cause. Today, active negotiations between the donor and recipient take place on several fronts, from cause-related marketing to product endorsements to workplace giving, denoting the involvement of the corporation in the lives of non-profit organizations. While the rules may be changing, there are no conscionable rules that are explicit about the acceptance of funds from one corporation or another, other than blanket rules about accepting funds from certain business sectors. Even within a sector, comment is made about how it might be relatively better to accept funds from a Philip Morris USA rather than a R.J. Reynolds Tobacco Company, the maker of the infamous Camel brand cigarette. But the phrase “rules are changing” could very well have implied that the lack of clarity only exacerbated the confused state of affairs faced by many within the 4-H movement. How could they be expected to know what they were supposed to do? How were they supposed to understand all this? What went on at Council that they should know about?
Most of the interviewees were confused about the “newness” of recent developments in corporate philanthropy (see Chapter III – Case Study). Other than the corporate and Council representatives that were interviewed, unfamiliarity of the new philosophy of corporate giving where corporations were more “hands-on” with their charity was widespread. The phrase “Are they trying to bolster their civic image or their sense of public citizenship by saying ‘Look how good we are...’” expressed by an interviewee was indicative of tacit acknowledgment the benefits that a corporation, even Philip Morris, provides to causes that are crucial to our society’s well being. However, what is confusing is the fact that some of these corporations manufacture products or offer services that are harmful to a segment of our society. We, as a society, have permitted these corporations to legitimately manufacture products such as tobacco, alcohol, weapons and firearms; all legal under a democratically formed polity with a capitalist economy such as ours which guarantees independence and freedom of choice. Neither tobacco growth as a crop nor consumption has been outlawed. So what was the basis for this interviewee’s statement? For a structural analytical standpoint, it was confusion – confusion that is not represented just by this individual, but by society in general. So what if a corporation uses their charity as a public relations exercise? It’s a legitimate social entity. It’s a given fact of everyday life whenever one receives something, an obligation has been incurred. So this fear of corporations turning their charity into a public relations benefit (at a conscious level of understanding) appears misplaced – even naïve. However, once again, if we want to focus on the roots of this confusion, an approach that would help calm the underlying confusion by establishing
controls on the corporation’s usage of the nonprofit’s reputation and name could be adopted.

**Approach**
Thus, early on, a non-profit should define the boundaries for the use of any of its logos or name. While developing such a policy, a non-profit should consider the situations within which it will allow the usage of its logos or name, as well as when it will specifically prohibit the use of its logos or name. As a corporation may want to promote its partnership with a non-profit in its marketing, advertising, and public relations activities, the non-profit organization will need to consider the limits, if any, on the extent to which that corporation may promote its relationship with the non-profit. The responsibility of approving any such promotion of a corporate partnership should lie with the non-profit organization. Ultimately, the donor should be acknowledged in printed materials, marketing tools and in correspondence as underwriter of the program in a manner consistent with overall practice of the grantee organization regarding acknowledgment of funding partners. In fairness to the donor, the donor should have an opportunity to review and comment on the presentation of the company name and emblem before production.

While a non-profit organization can offer varying levels of recognition to the corporate partner, what should be considered is the development (if absent) of a policy that recognizes corporate funding, including the use, size, placement, color, frequency of usage, and legal requirements of the corporation’s name, logos, and signs. For example, Council, when it received funding from Philip Morris USA to develop its tobacco prevention program, created a tear-off page as part of the curriculum which
acknowledged the support of the donor. Both parties agreed to this strategy as it allowed National 4-H Council to acknowledge its funding source for the program (National 4-H Council acknowledges all funding sources), but also gave Philip Morris USA recognition for its contribution. This approach also was adopted as a way to generate wider use of the curriculum by community and other groups, as the user could tear-off the acknowledgement page if they so desired if they perceived that a stigma was attached to the program due to the association between Philip Morris USA and National 4-H Council. This is in accordance with Oliver’s (1991) suggestion of a strategy of Compromise, especially via adoption of pacifying and bargaining tactics. Thus, while bargaining tactics were adopted between Philip Morris USA and National 4-H Council regarding the tear-off slip, it also could be seen as a pacifying tactic to address institutional pressures.

In addition, while several established national non-profit organizations acknowledge their donors (whether individual, foundation or corporate donors) in their annual reports according to different giving levels, having pre-established standards delineating the level of funding with appropriate acknowledgements is essential for demonstrating consistency to the public. This might preempt any discussion of inappropriate acknowledgements, or unreasonable demands of the corporate donor.

The grantee organization should review drafts and suggest revisions when appropriate of any materials produced by the donor which include references to the grantee organization. Final approval of all documents and media using the grantee organization’s emblem or name, whether originated by the grantee organization or by the donor, should rest with the grantee organization.
**Apparent Lack of Independence**

Many respondents were worried about the apparent lack of independence when it came to programmatic decisions. The lack of trust with which the movement generally regarded Council, coupled with suspicions of a tobacco company that very recently had a history of supposedly lying to the public³, lent credence to the opinion that Philip Morris dictated (or could dictate) the operations of the program. The idea that a tobacco corporation could partner with a youth program to establish a program that would, if successful, eventually erode a potential future customer base for the corporation, was hard to comprehend. They opined that any program that would ultimately be created with tobacco funds might go light on the tobacco prevention or cessation message while working to achieve Phillip Morris’s mission. The remarks of one of the interviewees exemplify this sentiment:

"I think nonprofits have to be careful to protect their reputations and at the same time, they have to be willing to take money to do what nonprofits want to do. The worst abuse is to be bought to do something the corporations want that wasn’t on your agenda to begin with. It’s not only controversial money, but its controversial money to do something you didn’t want to do in the first place. The second worst scenario is when you take controversial money to do something you wanted to do and it’s somehow tinged in the process. They have a say over the nature of how you do it or the result of it or something." (BB)

As a facet of that issue, another view that emerged earlier was that since the funds were due to the largesse of Philip Morris, any idea that would be part of the program’s curriculum or training process contrary to the interests of the industry or against the tobacco giant could be viewed as a cause for the donor to cease their partnership with National 4-H Council. The initial grant which was for a period of two years did not

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³ For example, the well publicized tobacco executives’ testimony during Congressional hearings in 1994.
provide the long-term sustainability of the program, which in the view of a few of the
interviewees, conveyed the true intent of the donor. That is, because it was just a two-
year agreement, Philip Morris was not interested in ensuring that the program would
continue for several years to really make a positive, long-lasting, impact on youth
smoking prevention. However, this view might not hold much ground today, especially
because Philip Morris has granted funds in excess of $1.6 million annually on average (as
of August 2004) since the initial grant, expanding not just the reach and scope of the
program, but in the process potentially contributing to society’s understanding of what
factors contribute toward positive youth development.

An interesting view expressed by a couple of the respondents was the application
of a cost-benefit analysis. On this premise, the reason why both these states did not
participate in the program was simple: the grant money that would be provided as a
benefit to the states (ranging from $10,000 to $35,000) was too insignificant relative to
the costs associated with the perception of being aligned with a tobacco company and all
the potential negative publicity and damage with existing community and state partners
that might entail. To quote one of them:

“It had already been pre-determined how much money states would get
for being a part of it or being a demonstration site. The cost/benefit
analysis for me, and in our state, simply wasn’t worth it. I couldn’t run a
state-wide program for $35,000...Some may brag ‘oh we’re holier-than-
 thou, that’s why we won’t take Phillip Morris money whether it’s $10
million or $35,000.’ That would be hypocrisy in my state. Because for
many years we had taken Phillip Morris money for program efforts with
no expectation of any recognition, etc.”

In effect, the amount of funding was an issue, though one could argue that the 4-H clover,
at least in these two states, was for sale – at the right price! With a few of the states
gearing up to position themselves to accept tobacco funds from the tobacco master
settlement signed in 1998, where the major tobacco corporations were to pay money to 46 states over the next 25 years (at that time), they were not about to lose this opportunity by partnering with Council. While the funds that were offered by Council were perhaps not enough to create and sustain a tobacco prevention program to reach a wide range and number of youth within some states, the 4-H leadership in a few states did not want to jeopardize their alliances. Many state 4-H groups already had connections and formed partnerships with anti-tobacco groups and the larger public health community within their states. Ironically, since the master settlement was signed, the funds going toward youth tobacco prevention has been barely a trickle.

**Analysis**
The fact that there was a perception amongst some of the interviewees that the donor “...had a say over the nature of how you do it or the result of it or something” clearly had no basis in fact. There was no evidence that that tobacco corporation had “bought” National 4-H Council. In fact, the very existence of the memorandum of agreement that existed between Philip Morris and Council, while it forth the working relationship between the two organizations, had a larger purpose: that Council was entirely independent of the tobacco corporation, including a clause that stipulated that any perceived coercion or influence from Philip Morris could be grounds for Council to cease its programmatic operations and keep the unspent funds for itself. All data gathered from its operations were the property of Council, and there was no requirement that it share the data with anyone. But the perception that Philip Morris could unduly influence Council’s work was real. Thus any approach had to consider the implications of this perception:
how could an organization convince others that it was an independent entity, with strict controls to ward off undue influence.

**Approach**

Compromise tactics of *balance* suggest that an organization would need to balance the demands of multiple stakeholders in its institutional environment. For instance, the interests of Council’s key constituencies (the 4-H movement), public health issues-related organizations (such as the Campaign for Tobacco-Free Kids, American Heart Association, and American Cancer Society), and the funding agencies (for example, expectations by Philip Morris USA that Council reach its stated goals) would need to be balanced, a challenging task indeed. Moreover, while *pacifying* tactics might appease some of these interests, it assumes that an organization will expend sizable resources in maintaining relations with its institutional environment while simultaneously acting in its own interests. However, while these may not be effective approaches due to challenges in placating multiple stakeholders or the costs of doing so, the tactic of *bargaining* could be feasible. It involves the organization operating in a “negotiated environment,” where a certain amount of give and takes place. Thus, if an organization were to accept funds from a controversial source and render it acceptable, it could in effect relinquish some of its autonomy by, for instance, opening up its progress reports or program evaluation reports to the donor. Of course, this tactic assumes that the institutional environment is open enough for effective exchange transactions to occur.

While all stakeholders can be involved in the process from beginning to end, to ensure independence, the final determination of the use of all input and the ultimate
content and delivery of the work (or program) should rest solely with the grantee organization, and not the donor organization.

However, for an organization to challenge existing institutional values, or trying to establish criteria, a strategy of Compromise or Avoidance (Oliver, 1991) might not work. Thus, while it might be common-sense, an organization might do well if it takes the following into consideration to ensure a semblance of independence:

a. The grantee organization should determine the use of any data related to program evaluation or other outcomes. The grantee organization should reserve all proprietary rights to patents, copyrights, advance and exclusive knowledge of research outcomes or other rights and privilege. However, it should agree to provide acknowledgement of the support provided by the donor organization in a manner consistent with its existing practice or guidelines. The donor should have access to all information about the work (or program), its impact and outputs, and be able to use that information in the development of additional programs or other work that it is committed to in the interests of the public.

b. As a facet of independence, a non-profit organization should consider when entering into a partnership with a corporate donor whether it is agreeable to certain restrictions that the corporate partner might impose on the non-profit. For instance, a corporation might insist that the non-profit not accept any funding from a competitor in the same industry in which the corporate donor is a player, or might forbade the non-profit from using the goods or services of a competing organization. Such restrictions, while ensuring the usage of the corporate donor’s services or products by that non-profit, limit the not-profit organization (especially if it is resource strapped) from entering into any
partnership with a corporation who also may want to contribute. This could be potentially troubling if the non-profit organization possesses a certain expertise or knowledge of an issue that might be facing the industry, but is forbidden to accept funds from others because of prior restrictions. However, when adopting a *bargaining* tactic, this could be the price than an organization might have to pay to further its interests.

c. Further, any capital item provided by or purchased by funds provided by the corporate donor should be used in the furtherance of the program. The corporate donor should agree to not imply any stipulations or restrictions on the capital items regarding how long the long-lived asset must be used. This ensures the financial independence of the non-profit particularly when it expends on expensive items.

However, the three suggestions stated above should be formalized (and institutionalized) AND promoted, signaling the independence of the grantee from the donor. An organization can thus adopt a *challenging* or *attacking* posture and defy values held by external constituents as it now can be “reinforced by demonstrations of organizational probity” (Oliver, 1991, p. 156). Even though a few suspicions might linger, unless the organization has a communications plan that is persuasive enough to convince the key majority of it constituents of its total independence from the donor, any legitimate agreement that depicts the independence of the organization is not likely to hold sway.

**Concluding Thoughts**
The turbulence in its institutional environment caused National 4-H Council to spend “considerable energy” in adjusting to “all of these other realities” (Backer and Kunz, 2003, p. 96). Its “new governance system, new Board members, new strategic
plan...added to the upheaval in the organization and may have pre-occupied staff and Board at exactly the time when more to the *Health Rocks!* program may have been desirable” (p. 96). Added to this were the major changes that were occurring in the relationship of Council to the 4-H field, which complicated the issues with which Council had to deal.

The approach was developed by analyzing the case study, and related to the strategies suggested by Oliver (1991). Oliver hypothesized that “the lower the degree of interconnectedness in the institutional environment, the greater the likelihood of organizational resistance to institutional pressures” (p. 170). The fields of public health/substance abuse and that of youth development were operating within their own spheres, with their distinct “institutional logics” (Scott, 2001). The degree of connection between the two was slight, increasing the chances for either one to resist institutional pressures. As Oliver (1991) goes on to state

> “Environments that are highly fragmented or purely competitive impede the spread of institutional consensus and conformity. Therefore, organizational defiance and manipulation are more likely to occur, the lower the degree of organizational interconnectedness in the institutional environment” (p. 171).

As an overall strategy, it could be stated that Council adopted a strategy of Defiance, though it did not seek out to purposely do so – perhaps even due to “deficient organizational comprehension of the rationale behind the institutional pressures and the consequences of noncompliance” (p. 156). The tactics of *dismissal* and *challenge* were adopted that conveyed Council’s opposition to pressures brought upon by the public health field. Not only were the institutional values and expectations not clear, but Council’s rationalizations and own vision appeared to be key drivers to challenge existing
rules. However, as the analysis makes clear, Oliver’s (1991) strategy of Defiance needed to be supplemented by other strategies, particularly those of Manipulation and Avoidance.

It needs to be emphasized that these rules appear to be expectations of one “institutional field” (that of public health), which one could construe as different from the institutional field of youth development. That is, one could view the entire controversy as the logics, values and rules of one institutional field clashing with those of another – which is an interesting dialogue that could be the subject of another study.

Controlling tactics, a form of manipulation, were adopted by the Campaign, where it sought to exert pressure on an external organization (that is, Council) which in its opinion was not following one of the rules, namely, rules that dealt with ‘engaging the enemy,’ in its war against tobacco corporations. This struggle for control is symptomatic of organizations attempting to dominate a field or a sector, and often occur when institutional expectations are “localized or weakly promoted” (Oliver, 1991, p. 158). Council’s creation of a memorandum of agreement could be construed as an influence tactic, a third form of manipulation. While it may not have been as successful for other reasons, it was a step in the right direction. “Because performance in institutionalized environments is itself institutionally defined and prescribed, the actual definitions and criteria of acceptable performance are often open to strategic reinterpretation and manipulation” (p. 158). Oliver also considers “acceptable practices” (and not just “acceptable performance”) as subject to influence tactics where an organization can set the field, which puts Council squarely as an organization that tried to do so.
The approach includes those relate to internal actions that the organization should take as well as those relate specifically to external actors. Thus, it includes steps as well as constructs that an organization could include in an operating document such as a memorandum of understanding that would articulate the relationship between the donor and the organization to give it legitimacy, as well as to ensure that the independent relationship is fully documented and officialized.

Since there were multiple issues, the causality of each issue to the situation at hand could not be easily measured. For instance, while it is easy to state that inadequate communication was a characteristic feature of the controversy, it may have been mitigated by the presence of an intermediary organizational structure.

Some other issues that appear to be of importance in these days of nonprofit governance are described below. While these may seem obvious, it is important that any study on nonprofit operations should acknowledge the following:

**Keep to the Law**

It is important to note that in these times of corporate imbroglios and accounting scandals – and scandals in the non-profit world (for example, issues of financial mismanagement within the United Way, and more recently, with the Red Cross) – it is ever so important that the corporation, and the partnerships that it creates with non-profit organizations, operate within all local, state, and federal statutes and regulations. While this may seem obvious, the non-profit organization, with ostensibly higher standards of public interest, should be” above the law” not just in practice, but in perception as well. As expounded by the new institutionalist perspective (Scott, 2001), regulative structures can be a key source of institutional pressures that organizations face, and to which they have to
conform. Thus, a strategy of acquiescence, especially habit and compliance, (Oliver, 1991) to the law and regulations that dictate certain procedures may be essential to the organization’s self-interest, and indeed, survival.

**Document Goals of Donor Organization**

While this may seem obvious, it is important that before any agreement is reached, the goals of the donor organization should be made explicit to the grantee. The objectives and purpose of funding should be formalized in the written agreement, and if relevant, made public. The inclusion of such stated goals not only renders the agreement more plausible, but it reinforces the ideals of both organizations, keeping in mind Oliver’s (1991) idea of “organizational probity.”

Similarly, the donor should be clear on its commitment to the grantee organization, not just in terms of actual funds granted, but in terms of the extent of their interest in addressing an issue. For example, the commitment of a tobacco corporation in preventing youth from smoking should be verbalized and articulated in a document, and to the extent possible, provide reasons for their interest. This written documentation could demonstrate the true intent of the corporation. If there are transgressions later in the partnership contrary to the written intent, it is easier for the grantee organization to call off the partnership, and inform the public of the justification for its action. This is in alignment with Suchman’s notion of “policing reliability,” “communicating honestly,” and “stockpiling trust” (p. 600).

The goals of the partnership (or program) should be clear and explicit, with extreme care taken to minimize any ambiguity of expectations, either to both parties, or
to anyone reading documents pertaining to the program. This is especially so as a non-profit, though existing generally as a private organization, works in the public interest.

The grantee organization and the donor should agree that this partnership (or program) is directly related to the mission of the grantee organization and will be of particular benefit to the recipients of its work (or program activities) and to the general public. The grantee organization should determine program content and methods by which the work (or program) will be developed, implemented and evaluated based on the goals of this partnership, consistent with the mission of the grantee organization. The work should be described in an attachment, and should be reflected in the program goals.

**Procedures for Terminating the Agreement**

As the donor has not placed any conditions on the provision of the funding, the grantee organization understands that the penalties for failing to deliver the program as described will be limited to the return of unspent funds and delivery of program results produced to date. In the event that either party to this agreement decides to end the relationship prior to the expiration of its term, the grantee organization will retain the amount of funding required to fulfill existing financial commitments and adjust staffing in a manner consistent with the values, beliefs and policies of the grantee organization’s treatment of staff.

It is in the interest of the grantee organization that the agreement includes a clause that delineates the grounds for cancellation. Organizational autonomy has often been described in the literature as an important facet for an organization’s growth and survival, especially from the resource dependency perspective (Pfeffer and Salancik, 1978). Details for termination included in the agreement convey the impression that the
organization is relatively autonomous, especially when the agreement is promoted. This is in line with Suchman’s (1995) advocacy of *image advertising* and Oliver’s (1991) overall strategy of Manipulation. Again, similar to impression management techniques (Arndt and Bigelow, 2000), the promotion of these features of the partnership is extolled. The fact that a majority of the interviewees did not hear about the signed Memorandum of Agreement – or at least did not retain the substance of the agreement in their consciousness – is a lesson well learned. Until the contents were publicized, and the meaning, intent and implications of the Memorandum were not institutionalized, it was difficult for Council to claim its independence and objectivity. The perception that neither party (especially the grantee) is beholden to each other ensures a certain legitimacy of the arrangement. In theory, either party may terminate the agreement after giving the other reasonable written notice of cancellation, and after determination of any of the following:

i) That a conflict exists between the stated values and beliefs of the non-profit organization and the corporate donor.

ii) That the non-profit fails to retain complete independence from the corporate donor relative to the development, implementation, evaluation and all other aspects of the program.

iii) A determination by the non-profit and/or the corporate donor that the program (or other work) is not successful and does not warrant the continuing investment of resources to sustain it.

iv) That the corporate philosophy and policy of the corporate donor no longer support’s the program’s goals, or that changes in the ownership of a corporation or changes in its
products and services that is not consistent with the non-profit’s mission, values, and reputation or is not in the best interest of the community served by the non-profit.

If the relationship is terminated for any of these reasons, any excess funds for that year should be applied to the non-profit’s operational fund to further the general work related to that non-profit’s mission. At the very least, this ensures the goodwill that was assumed to be present when the original agreement was made, and leaves open the possibility of a future partnership.

Further, any capital item(s) provided by or purchased by funds provided by the corporate donor should be used in the furtherance of the program. The corporate donor should agree to not imply any stipulations or restrictions on the capital items regarding how long the long-lived asset must be used.
CHAPTER SIX

CONCLUSION

“My feeling is that adults can sit around bickering on things like this, and in the end who loses out? The kids.”
(quoted by a local 4-H leader at a Cheyenne River Sioux Reservation in the Chronicle of Philanthropy, September 19, 1999).

A non-profit organization’s capacity to meet its obligations to itself and to the public is dependent to a great extent on the resources available. While non-profits have relied on the generosity of the corporate sector for decades, new rules of partnerships have to be developed so that the former can support its mission-related activities.

Business organizations also have benefited from their relationships with non-profit organizations. Through their associations with non-profits, corporations seek to gain by demonstrating their commitment to a not-for-profit's mission and goals, generating goodwill within communities in which they operate, and increasing the recognition of their brand.

Council’s partnership with Philip Morris USA, the largest cigarette manufacturer in the nation, came at a time when the tobacco industry was undergoing an upheaval in the court of law and the court of public opinion. Meanwhile, the whole concept of charitable giving by corporations was also in the midst of change. Over the course of many years, executives at Council themselves were seeing the trend of donors demanding a greater accountability of their funds, and requesting a larger role in program development and implementation. In addition, corporations increasingly wanted a greater presence of programs funded by them to exist in locations where the corporation had branches or subsidiaries, or in locations where they had a particular interest (for instance,
to target a particular population). While these changes may have been welcomed in the
guise of greater accountability and transparent management of non-profit organizations,
the distinction between corporate interest and public interest still remains ambiguous.

In 2002, The Independent Sector, a non-profit, non-partisan coalition of more than
700 national organizations, foundations, and corporate philanthropy programs, revised a
statement called *Obedience to the Unenforceable*. This document identifies three levels
of ethical behavior; one concerned with obeying laws, the second level dealing with
behaviors “where one knows the right action but is tempted to take a different course,”
and a third level, where “decisions are not a contest between good and evil but among
competing options.” (Independent Sector, 2002, p. 8). While the statement does not refer
to ethical dilemmas, “because organizations must struggle with such decisions on their
own,” they do encourage the adoption of a set of “codes or standards where gaps exist.”
(Independent Sector, 2002, p. 9). The document clearly outlined the importance of
managing a constant balance between internal and external interests when trying to
alleviate discord: “Adoption of a creed will be effective only if it initiates a continuing
conversation within the organization and among its various constituencies, reviewing
principles in light of changes in the outside world. Similarly, subscribing to a set of
codes or standards will only be effective if the organization incorporates those standards
into its own operating norms.” (Independent Sector, 2002, p. 9).

One of the interviewees underscored the reality of the environment, and the necessity for
constant vigilance:

“I think if a group does accept money from a controversial source, they
ought to revisit and evaluate that every so often to decide if it’s served
their purposes well or created more of an image problem. There should
be a constant review to see how that’s going. In our world today, there’s
It is hard to imagine an organizational environment where “value-free” sentiments are still in existence; the administration-politics dichotomy has largely been debunked the past few decades. Organizations are infused with values, norms, cultures, traditions, and a general way of doing business, receiving and processing information relating to its reason for existence, whatever its mission. While academic debate still rages on the effects of the environment on organizations – and on the effect of organizations, especially large multinational entities and networks on the environment – the issue facing an organization such as National 4-H Council was not as simple as it looked. How could it be a legitimate player in the tobacco prevention field, given the larger 4-H system’s acceptance as an American institution? It is not a stretch to state that the normative environment, as made up of the perceptions of other organizational actors, was turbulent. Moreover, while the Health Rocks! Program focused on tobacco prevention, within the larger context of youth substance abuse prevention, there are others who advocate looking at the bigger picture of tobacco prevention. The efforts targeted at just one demographic may be commendable, but not the only solution. “…Achieving a tobacco-free society required changing social norms.” (Males, Youth Today, p. 62).

It is interesting to note that National 4-H Council, and the larger 4-H movement, were no strangers to the largesse of tobacco, or for that matter, alcohol companies. In fact, as late at 1989—and for many years prior to that—Council had received funding for its Salute to Excellence program from R.J. Reynolds Tobacco Company that recognized outstanding 4-H volunteers. No controversy was ever recorded about the acceptance of
these funds, but there was “considerable lament among those in the 4-H movement involved with this project when the grant ended.” (Backer and Kunz, 2003). Perhaps it’s an attribute of our changing times that rendered the Philip Morris USA/4-H story controversial. A quote from one of the interviewees exemplifies the situation:

“\textcolor{red}{I got a phone call from the State Department of Health asking me whether I intended to take any of this money. Their intent was to essentially try to talk me out of it. I said ‘This is really funny. Where does your money come from? It comes from the taxes on cigarettes.’ I said then that ‘all the money that you have comes from people buying cigarettes.’ He said ‘Well yeah, that’s right.’ I said ‘How is that different from me getting the money from a tobacco company?’ This person was so emotionally involved and confused that he tried to rationalize that their money was okay, but the money that I might apply for was all bad and evil in some way.’” (LL)

While simplistic in form, the approach suggested in this study offers an organization a way to bridge the dissonance between itself and the norms prevalent in its institutional environment. This approach is no panacea to an organization that is confused at best and a suspect at worst due to conditions dictated by existing societal norms and values, but if adopted by a few key organizations in the third or independent sector when faced with a similar situation of a controversial funding partner, it can render this approach more credible. National 4-H Council was a risk-taker, and paid the price initially. As a National 4-H Council staffer put it: “\textcolor{red}{It was very early in the game for all of us (referring to both Council and Philip Morris USA).}” If more organizations adopted this approach or something similar to those proposed in this study, there is a possibility that the turbulence can at least be assuaged to some extent, if not completely avoided. Even if no controversy exists at the time of the agreement, codifying that agreement in a fashion similar to the model contract might assist the relationship between the two organizations, and its relationship with its environment. However, the model might exist only in a
vacuum if the other issues that are detailed in Chapter Five are not considered a priori to any signing of the contract.

The approach in this study could be more effective when the partnership arrangement is such that one organization provides a grant to the other to undertake a specific project. However, there are various forms of institutional arrangements beyond a contractual agreement between two organizations. Mergers, coalitions, collaborations, strategic alliances, committees, acquisitions, informal networks, etc. are a few of these types, their definition dependent on the degree of formality, accountability, and duration (Backer, 2003). Recent literature has touched on the benefits, needs, and pitfalls of collaborative structures, spawning a whole base of knowledge informing non-profit and community organizations on how they can establish and sustain collaborations. In fact – though it was not the focus of this study – adopting a network or inter-organizational lens to the whole issue that has been the crux of this paper could provide a different analytical perspective, a task better left for another researcher.

It is likely that the intrinsic nature of the 4-H system, with its local, state and federal levels, with the mix of private non-profit and public structures, and the partnership of various other entities including corporations and foundations, makes this case unique. It also may have been unique in that the decision to accept funds was made at a time when the nation was enveloped in a legal, political and social anti-tobacco frenzy. Any decision made that could have perceived to be one of tobacco industry support was doomed to be viewed under a microscope, regardless of the true intent of the decision-maker. It will be interesting to find out if other national non-profit organizations faced a similar situation, and if so, how successful they were in managing the issues that
might have come forth. However, it will be difficult to recreate a similar environment – for instance, the private non-profit/public/private for profit mix – within which National 4-H Council had to work. One interviewee referred to the fact that as National 4-H Council was intrinsically linked with universities through the Cooperative Extension system, it found itself in a situation that perhaps most other national non-profit organizations might not have faced. Universities value academic freedom immensely; any taint of corporate influence could taint their image and reputation, not to mention the ever-present danger of co-optation. It was in the interest of universities (and the 4-H system that was embedded within) to move cautiously when the opportunity to implement the program presented itself. But beyond academic independence and integrity, there also was the issue of the university considering the interests in totality; that of other academic departments, such as its medical or public health departments, who’s funding could have been put in jeopardy.

This study did not take into consideration the moral/ethical dimensions of such decision making, nor was it meant to be. One could argue that highly moral individuals, following a Kantian absolutist path, would accept no money from tobacco corporations, as the latter produce a dangerous product, perhaps similar to alcohol or firearms, or because these corporations were allegedly lying to the public. As stated by an interviewee who was describing the mind-set of his colleagues in a lighter vein, “don’t confuse me with the facts, I have my mind made-up.” This could be very true of people passionate in their cause, especially those whose lives or families were negatively affected by tobacco.
However, the reality today is that these corporations are a part of our everyday existence; they are legal corporate entities, paying taxes, employing hundreds of thousands, owned by thousands of shareholders, and very much a part of our economic and social landscape. As a result of the speed and frequency of various mergers and acquisitions, it is challenging to find out whether one is dealing with a “good” corporation or a “socially unresponsive” corporation, albeit there are ways to find out as to who owns these companies. These mergers and acquisitions may result in mission changes, sometimes not in the best interests of the non-profit. With the decline of funding to non-profits in these economic times, many of these worthy non-profits with a commitment to public service have restructured and reduced staff (National 4-H Council is no exception). There has to be some way for funds to be transferred to those who have them to those who need them. But what are the legitimate and legal channels to do so, guaranteeing complete independence to the grantee? But beyond that, would partnering with a controversial corporation grant the latter with a veneer of respectability that the non-profit might want to avoid? Every non-profit has to look at its audience, and grapple with these kinds of issues, and act in the interests that only it can know best. Hopefully the findings of the study can help inform other non-profits who are planning on accepting funds from an organization that is deemed controversial, whatever might be the reason. As one interviewee remarked on the changing public awareness and attitude of the relationship between corporations and philanthropic practice, comparing 1998 to today (2004):

“You got the Cadillac guy buying the naming rights to the stadium of a local high school. Awareness of the need today is so different. Nobody is up in arms about this. There is a better understanding that we all are strapping. I mean, cash is cash.” (NN)
Standards denote certain kind of rules. They are unambiguous, voluntary, and are generally treated as advice to others (Brunsson and Jacobsson, 2000). However, adopting a new institutionalist perspective, if an organization was successful in creating norms or changed the ‘way to do business,’ it would have to be cautious about evolving norms and values within its institutional field (or within the larger society). By transforming an institutional field, an organization might be caught up with what Miller (1991) terms ‘The Icarus Paradox’—“…success leads to specialization and exaggeration, to confidence and complacency, to dogma and ritual” (p. 3). In order to render the approach dynamic (particularly the contract), changes in institutional attitudes, values and norms should diligently be incorporated into these strategies as appropriate and relevant – calling to mind one of the tactics (environmental scanning) articulated in the study. As Scott reminds us: “Organizations require more than material resources and technical information if they are to survive and thrive in their social environments. They also need social acceptability and credibility” (Scott et. al., 2000, p. 237).

Regardless of the notion that “no organization can completely satisfy all audiences” (Suchman, 1995, p. 585), this study would have been strengthened if individuals who were involved with organizations such as the Campaign for Tobacco Free Kids were interviewed. This study assumed that these individuals would have adopted an absolutist stance, providing no more information that others had already provided. In addition, the researcher assumed that as he was (at that time) employed by an organization that was the target of their wrath made it a bit difficult to open doors for interviews. Perhaps if these interviews were conducted, they could have provided a nugget or two of information as to the rationale of their stance that might not have come
across from the other interviews already conducted. In addition, the chances for these guidelines to be more widely adopted could have increased. On a positive note, these guidelines are today already in practical use.

The National 4-H Leadership Trust (Trust), whose formation was crystallized in 2001 by a convergence of the main stakeholders of 4-H, was created to deliberate and discuss key priorities concerning the entire 4-H movement. This body is similar to the need expressed earlier (Chapter Five) for such a forum to be created to preemptively address issues for the entire 4-H movement, especially for such a decentralized institution like 4-H. It is to be noted that the Trust, in its quarterly meeting held in October 2003, discussed the need to create guidelines for future funding (that is, what are the guidelines that need to be adhered to before any of the 4-H partners accept funds from a corporate donor) that all 4-H stakeholders could adopt.

It is gratifying to note that the Trust used an earlier draft of the Analysis Chapter in this dissertation as the basis of their discussion, and formalized them as part of their criteria at their quarterly meeting in January 2004.
REFERENCE LIST


Sauer, Richard. 1999. 4-H program seeks to keep young people from smoking. *The St. Louis Dispatch* October 2.


**Other Sources.**


Group criticizes 4-H for taking Philip Morris grant. 1999. The Hartford Courant (November 4).


Philip Morris grant is important. 1999. Letter to the editor. The Daily Campus (November 11).
The Ravalli County 4-H Club in Marlboro Country. 1999. Advertisement in Ravalli Republic (October 7).


This study also looked at more than one hundred pieces of electronic mail and regular mail correspondence from individuals outside National 4-H Council; Council’s responses; National 4-H Council internal documents and memos, both as printed documents and in electronic mail form, including a memorandum of understanding between Philip Morris USA and National 4-H Council; and numerous news articles on youth and tobacco prevention published since late 1998. In addition, various interviews of State 4-H leaders, Council staff and Board representatives, were conducted – as depicted in Chapter Three – Research Strategy.

In addition, attention was paid to a study conducted by National 4-H Council for internal guidance by Leigh McKenna, who was assisted by this researcher. It was found that out of those organizations that responded, none of them had a comprehensive fund acceptance policy at that time.
I. Interview Questions

1. Is there a role for corporations in the work of non-profits?

2. How would you define a “controversial source” of funds?

3. What are your thoughts on the acceptance of funds from a controversial source?

4. I would like to know more about your views on whether it makes a difference whether a funding source provides resources to a non-profit for a purpose that is also in the giver’s business interest, rather than a true motive without spending restrictions and non-essential to the provider’s business interest?

5. Coming to a specific example, namely, National 4-H Council’s acceptance of funds from Philip Morris USA for its youth tobacco prevention program, what are your views on this issue?

6. If National 4-H Council had received the grant from Philip Morris, and then distributed the $$$ directly to the states, with no participation in program development whatsoever, would there have been the kind of controversy we experienced?

7. What should National 4-H Council have done before initiating the program?

8. What should it have done to manage the crisis that erupted?

9. Are you aware of any state guidelines or laws that may have affected your decision-making in either joining or not joining the program?

10. Does it make a difference if the product that was sold by the corporation (that is, Philip Morris USA) was legal?

11. What are your views on the notion that some individuals hold that the tobacco settlement funds coming out of tobacco corporations and possibly going to local organizations via state legislatures are no different than funds coming to an organization directly from the tobacco companies?

12. If you were making recommendations to someone who may be contemplating on establishing criteria on accepting funds from any source, what would you recommend?

13. Are there other comments you would like to share?
II. List of interviewees

As the interviewees were guaranteed confidentiality (even though according to the researcher none of the interviewees would have had any qualms about their identity being disclosed), they are given a code. In addition, the researcher met informally (several times) with a key National 4-H Council staff person who was responsible for program idea, creation and implementation in all its facets from the very beginning – even before the receipt of funds from Philip Morris USA. However, a formal interview was also held to keep within the original research design. The following is a list of the interviewees, the organization to which they are affiliated, and date of the interview:

<table>
<thead>
<tr>
<th>INTERVIEWEE</th>
<th>ORGANIZATION AFFILIATION</th>
<th>DATE OF INTERVIEW</th>
</tr>
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<tr>
<td>AA</td>
<td>State 4-H Organization</td>
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</tr>
<tr>
<td>BB</td>
<td>State 4-H Organization</td>
<td>December 3, 2001</td>
</tr>
<tr>
<td>CC</td>
<td>State 4-H Organization</td>
<td>December 18, 2001</td>
</tr>
<tr>
<td>DD</td>
<td>State 4-H Organization</td>
<td>January 18, 2002</td>
</tr>
<tr>
<td>EE</td>
<td>Corporation/Member of National 4-H Council Board of Trustees</td>
<td>February 22, 2002</td>
</tr>
<tr>
<td>FF</td>
<td>Corporation/Member of National 4-H Council Board of Trustees</td>
<td>February 25, 2002</td>
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<td>GG</td>
<td>State 4-H Organization</td>
<td>April 15, 2002</td>
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<tr>
<td>HH</td>
<td>National 4-H Council</td>
<td>July 10, 2002</td>
</tr>
<tr>
<td>II</td>
<td>State 4-H Organization</td>
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<td>JJ</td>
<td>State 4-H Organization</td>
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<td>NN</td>
<td>National 4-H Council</td>
<td>February 6, 2004</td>
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### III. Interview Matrix

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<th>Case Study</th>
<th>Analysis</th>
<th>Conclusion</th>
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</thead>
<tbody>
<tr>
<td>Fourteen interviews</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Over 100 e-mails and regular correspondence</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National 4-H Council responses to external correspondence</td>
<td>X</td>
<td></td>
<td></td>
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<tr>
<td>National 4-H Council Annual Reports</td>
<td>X</td>
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<td></td>
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<tr>
<td>National 4-H Council internal correspondence</td>
<td>X</td>
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<tr>
<td>National 4-H Council/Philip Morris USA Memorandum of Understanding</td>
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<tr>
<td>The <em>Health Rocks!</em> Story</td>
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<td></td>
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<tr>
<td>News articles on youth and tobacco prevention issues</td>
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<td><em>Health Rocks!</em> technical assistance binders</td>
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<td></td>
<td></td>
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<tr>
<td>Verified participant/Observation</td>
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<td>X</td>
<td>X</td>
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<tr>
<td>Report of the External Review Committee</td>
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<tr>
<td>Council Study of Other Youth Nonprofits</td>
<td>X</td>
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</tbody>
</table>
APPENDIX B

SAMPLE GUIDELINES/CRITERIA

The following is an example of guidelines/criteria that were developed by the National 4-H Leadership Trust, the priority-setting and decision-making structure for the entire 4-H system. These guidelines were extrapolated from the strategic approach described in the main body of this dissertation, and serves as a “real-life” example of an organization adapting the findings of this study that could face issues similar to those dealt with in this study. These guidelines could be incorporated into a memorandum of agreement, or can be a formal letter, or can be worded as a contract between the corporation and the non-profit entity, depending on the agreed format of the two organizations.
PARTNERSHIP GUIDELINES FOR 4-H

As agreed upon by the National 4-H Leadership Trust

4-H has historically relied on strong partnerships to deliver programs. Partnerships with organizations, corporations, institutions, associations, agencies, have served as enablers of local state and national efforts. While partnerships are desirable and positive to the expansion and delivery of 4-H, it is imperative that due diligence is used when entering into partnerships.

4-H is made up of public and private entities that cooperatively deliver positive youth development and educational programs and opportunities to youth. The following set of guidelines is intended as a guide for use by 4-H leaders at all levels. The National 4-H Leadership Trust establishes this set of guidelines and expects all partners to use the set of recommendations in guiding their actions relative to partnerships. The County Extension Agent (Educator) is responsible for adhering to good practices in establishing partnerships at the local level, the State 4-H Leader working with the Extension Director and/or Administrator in their state is responsible for decisions relative to state partnerships, and the federal leadership at the USDA CSREES and the leadership of the National 4-H Council are responsible for the implementation and decisions relative to national and federal partnerships.

If after reviewing a proposed partnership, significant concerns arise from the 4-H representative, the local individual should seek input from their State 4-H Leader. State and National partnership proposals can be reviewed by the National 4-H Leadership Trust if needed.

Utilizing the excellent research of Kashyap Choksi (National 4-H Council), the National 4-H Leadership Trust established the following questions to use as guidelines recommended for 4-H Leaders’ use in considering partnerships.

1. **Does the organization keep the law?** Recent history has revealed many instances of corporations and non-profits involved in activity that was illegal. Any partnership with 4-H at any level should be with organizations that meet all local, state, and federal laws. Does the partner meet 4-H’s (and the institutions of 4-H) criteria of non-discrimination? The perception will be that 4-H should not only meet the letter of the law but the intent of the law.
2. **Is the partnership an appropriate and desirable mission match?** Determine what the mission of the partner is and analyze whether or not the partnership is one that is beneficial or conversely detrimental to 4-H. Will the major business or values of the partner be deemed offensive to the intended core audience of 4-H? A consideration in some situations may be a limited partnership. Example: partner for the support of adult programs only.

3. **What are the potential partner expectations from 4-H in return for the donation or services?** Are these expectations realistic? Are these expectations in keeping with the mission and purpose of 4-H?

4. **What are the goals of the project resulting from the partnership?** Be certain that both parties understand the goals. Avoid ambiguity of expectations.

5. **In what ways will the organization partnering with 4-H be authorized to use the 4-H name and emblem?** Do the expectations comply with the 4-H name and emblem policies? Does 4-H plan to use the logo of the corporation in the partnership? Are there expectations by either party relative to the use of name and emblem and logo? Is the organization seeking authorization at the local, state and/or national level?

6. **What recognition of the partnership is expected by both parties?** These intentions should be clearly stated in the partnership documents. It is necessary to communicate that partnership with 4-H does not imply endorsement of corporate partners.

7. **Does the partnering organization agree that 4-H will have sole decision based on the development and delivery of the program associated with the partnership?** If not, what are the stipulations and will they conflict with the mission and policies of 4-H at the local, state, federal and national levels?

8. **Are there restrictions asked of 4-H relative to seeking support and partnership from a competitor of the partnering corporation?** Example: If 4-H is partnering with the Clover Coffee Company at the national level, can a state enter into a partnership with the Wake me Up Coffee for the same program? We have a non exclusivity policy.
9. **How will the partnership be communicated with clientele and the public?** It is recommended that the partnership with 4-H not be communicated anonymously. Both partners should maintain an open and visible disclosure of partnerships. Every partnership with 4-H must be capable of standing up to public scrutiny and media coverage without adversely impacting the image and integrity of 4-H.

10. **How will the partnership be terminated?** There needs to be a clear understanding of how the partnership can be terminated or canceled. A recommended list of considerations for cancellation is as follows: a) Conflict arises in the stated beliefs and values of 4-H and the partner, b) 4-H fails to retain independence from the donor relative to the program implementation, c) that either of the partners feel the relationship is no longer beneficial and wishes to discontinue the partnership, d) that the philosophy and policy of the partner no longer is compatible with the mission and purpose of 4-H, or that e) the Partner is no longer following the law.

Source: Kashyap, Choksi, National 4-H Council and Members of the National 4-H Leadership Trust. Summarized and reported by Bo Ryles, University of Georgia. National 4-H Leadership Trust Document 04-01