

Governmental Control, Interorganizational exchange, and Organizational Effectiveness: A Simulation Study of Nonprofit Organizations in China

Foreword

I have made a major change to my topic after the presentation in week 3. The idea of this change is to add substantial social science content so that it will align with the course requirement.

The project will be a continuation of one of my previous researches on organizational effectiveness of nonprofit organizations in China. The pilot project contains detailed qualitative data and a crisp Qualitative Comparative Analysis which can be used for validating the simulation model. This literature review does not contain information of methods (simulation) part. For the simulation, I am working on a logistic equation developed by Zimm (2005), which is originally an ecological model.

Literature Review

Research Question

What makes some organizations successful, while others are not, in an authoritarian state such as China?

Research Background

In this paper, I target analyzing the democratization process in contemporary China. The Chinese central government loosened control over the civil society in 2002, and the number of nonprofits has increased exponentially since then (Wang & Sun, 2010). The Chinese governments, both central and local, tended to have ambivalent attitudes on the democratization process. On one hand, they started assigning more and more public affairs to nonprofits to alleviate administrative costs. On the other hand, they tended to put regulations and restraints on nonprofits to avoid political turbulence. This ambivalence was embodied in a wide range of empirical evidence, where some organizations established productive relationships with the local government, while others conflicted with governmental officials (Fan, 2010).

Discussion of Nonprofits' Functions

The discussion starts from a functional perspective (Sun, 2003; Jiang & Zhou, 2011; Wang & Song, 2013). Nonprofits in China are defined in either of the two ways in China: Entities to provide public services, or groups to initiate collective actions (Kang & Han, 2005). These two functions have important implications on organizational effectiveness of nonprofit organizations in China, since the government is likely to put pressure on social organizations that emphasize collective action but give more tolerance to organizations that mainly focus on providing public services. Simply put, the public services nonprofits are likely to gain more organizational effectiveness in China.

Organizational Effectiveness

Organizational effectiveness, basically, should be defined as the successfulness of public services provision and social integration (as inferred in the previous section). An

expanded definition of organizational effectiveness required a multidimensional construct that incorporates the interaction of organization and its environment (Yuchtman & Seashore, 1967; Webb, 1974; Kanter & Brinkerhoff, 1981; Cameron, 1986; Fiorito, Jarley & Delaney, 1995). Galaskiewicz (1985) divides the three fields where organizations interact with the environment: resource securement, legitimacy attainment, political advocacy. First, organizations must secure resources to survive by satisfying its benefactors and beneficiaries (Kanter et al., 1981). Second, organizations must secure legitimacy to initiate activities. Legitimacy incorporates four dimensions: social, political, public, and legal legitimacy, where legal legitimacy is the most important of the four (Gao, 2000). Legal legitimacy not only helps organizations to get enough authority, but also attracts people to engage in its activities (Deng & Wang, 2004; Zhang et al., 2008; Andrews, Ganz, Baggetta, Han & Lim, 2010). Third, at least one dimension of organizational effectiveness should pertain the political lives of citizens (Li, Xiao & Huang, 2012). One goal of nonprofits is to perform collective action and take positions on political issues (Gamson, 1975; Amenta, Carruthers & Zylan, 1992; Amenta, Dunleavy & Bernstein, 1994), and compared with the internal affairs of nonprofits themselves, the political activities of social organizations tend to have a larger impact (Crutchfield & Grant, 2012).

Combining these three perspectives, the operational definition of organizational effectiveness should consist the following three constructs:

- a. Survival. No one can be more accurate than Gamson (1975) at showing the resources owned by an organization can determine its survival. Cress and Snow (1996) has further argued that organizational resources include both the “visible” ones (such as money) and the “invisible ones” (such as access to meeting places).
- b. Legitimacy. Whether nonprofits can be treated as legal persons. Based on Zhang et al. (2008) and some of my interview documents, legitimacy is a key point in determining if nonprofits organizations can attain public funds from the government and conduct recruiting activities. This legitimacy also grants power to nonprofits and promotes civil citizens to participate in organizational activities (Andrews, Ganz, et. al, 2010).

- c. **Civil Engagement:** This can be defined as whether nonprofit attracts a wide range of people to participate in its activities. This is the key if nonprofit organizations can obtain longitudinal and pervasive effects (Crusfield, 2012).

The Influential Factors to Organizational Effectiveness

Six factors influential to organizational effectiveness are identified. These ideas and concepts stem from mainly the four following academic branches: Organizational theory, mobilization theory, political opportunity theory, and frame theory.

Organizational theory argues abundant resources and bureaucratic managerial style increase organizational achievement (Gamson, 1975; Jenkins & Perrow, 1977; Minkoff, 1993; Cress & Snow, 1996, 2000; Haveman, 2007; Andrews et al., 2010). However, too many resources may cause organizations to collapse (Jenkins & Eckert, 1986), and a bureaucratic structure may hinder participation (Pennings, 1976; Goldstone, 1980; Edwards et al., 1995; Ganz, 2000). Recent researchers in China has shown securing a decent amount of resources are important to organizational stability, since most organizations are suffering from insufficient and undue funds (Yao, 2013). Also, based on one of my previous interview scripts, a nonprofit has lost more than 10 full-time employees because of undue government payments, which severely harms morale and efficiency.

Despite sufficient funding, the source of funds is also important. **Resource Dependency Theory** (RDT) emphasizes the limited organizational autonomy when funding sources are homogeneous. Hillman, Withers, and Collins (2009) have pointed out that recourse dependency is likely to increase organizational uncertainty and makes group decisions more conservative.

Theory of collective action argues a favorable political environment is important to organizational survival (Eisinger, 1973; Goldstone, 1980; Amenta et al., 1992, 1994; Giugni, 1998; Meyer, 2004; Greve, Pozner & Rao, 2006), since there are times that political environments are important to the securement of organizational resources (Haines, 1984; Frey, Dietz & Kalof, 1992). For example, some researches in China have pointed out that nonprofits organizations are very likely to achieve their collective goals

if they reside in big cities such as Beijing and Nanjing, where there are multiple government layers in those cities (Spires, 2011; Guan, 2013; Huang & Ji, 2014). These organizations can bypass the local group and appeal to the central government directly, and local governments are very likely to compromise for fear of the punishment from the central government.

Finally, **leadership** have a deep impact on organizational success (Hammer & Wazeter, 1993; Cress et al., 1996; Ganz, 2000). They exert their influence on building vision, mobilizing members, and mitigating conflicts (Zhang et al., 2008; Niu, 2015). Ganz (2000) puts forward the idea of “strategic capacity” and well-thought framework based on social psychology. In his framework. rich experience, wide connections, and creative vision of the leaders of the organizations will help organizations to overcome resource shortage and achieve organizational success (Hammer et al., 1993; Ganz, 2000; Reger & Staggenborg, 2006).

Overall, we can create a table to give a clear visualization to summarize recent papers on the effect of organizational effectiveness of nonprofit organizations in China:

Author, Year	Paradigm	Key Independent Variable	Method	Data	Key Findings
Gamson, 1975	Resource Mobilization	Organizational Resources	OLS regression	53 social movement organizations in the US	resources are important to organizational success
Ganz, 2000	Social Psychology	Strategic Capacity	Historical Comparative Analysis	unionization of California agriculture, 1959-1966	strategic capacity is more important to resources
Spires, 2011	Political Opportunity	“Fragmented Authority”	Ethnography, Qualitative	Ethnography data on over 200 nonprofits in China	Political environment is important to nonprofits in China
Cress & Snow, 2000	Mixed	Resources, Political environment, Framing	Qualitative Comparative Analysis	Ethnography data in 15 SMOs in 8 cities in the US	Multiple factors and their interactions are important
Andrews, Ganz, et, al., 2010	Mixed	Leadership, Practices, Member engagement	Variations of linear regression	Around 200 original surveys of local Sierra Club	Leadership and internal practices are important to organizational success

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