

Organizations with Dispersed Powers: Suggestion of A New Management Model Based on the Stakeholders Theory

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Abstract

In the organizational field, one type of organization stands out from the more common: organizations with dispersed powers. The objectives of this article are to bring together the fragmented literature on organizations with dispersed powers and demonstrate the need for new governance models for such organizations. Correspondingly, we set out the characteristics of organizations with dispersed power and their management features as well as considering the current realities they face, highlighting the growing need for new governance models. Subsequently, we approach the issue of stakeholders in organizations

with dispersed powers with this route put forward as a means to develop new governance models for this organizational category. The management literature abounds with studies on traditional business entities while organizations with dispersed powers have received very little attention from the academic community, primarily due to their inherent complexity.

Keywords: Organizations; Organizations with dispersed powers; Organizational complexity; Organizational management; Stakeholder Theory; Stakeholder management.

1. Introduction

The new social perspective emerging around the end of the last century and into this one, primarily due to globalization and the new information and communication technologies, demands new forms of organizational management in all company types (Clark, 2004). Many of the long established management paradigms have been changing and adapting to this new reality. This context of reform of company managerial models, irrespective of what they do or their particular sector of activity (McVea and Freeman, 2005), extends to a highly peculiar organizational type, organizations with dispersed powers (ODPs), in particular: universities, hospitals, voluntary organizations, among others.

This type of organization was defined by Etzioni (1964), who termed them complex organizations. Due to the extensive usage of “complex” in the organizational literature and in order to avoid confusing the Theory of Complexity with Organizational Complexity, complex organizations in this study are referred to differently and henceforth as organizations with dispersed powers.

The ODPs are characterized by its diverse and ambiguous missions, plural organizational structure, with its powers diffused and distributed across the entire organizational hierarchy, among other unusual aspects, and operates a very specific management system (Weick, 1976). Taking into consideration that the professionals that form the core of this organizational type enjoy working autonomy and take decisions relating to their activities, managing this type of organization has been a challenge confronted by countless managers in the field (Mintzberg and Quinn, 1991).

Any evaluation of the literature on managing ODPs (still with the name of complex organizations) will demonstrate that this organizational modality came in for significant research in the 1970s and 1980s with many of the academic contributions from that period, which explain the behavior of ODPs, prevailing ever since (Birnbaum, 2000). However, times move on and the social realities in which ODPs are located have evolved and the research and practices of this type of organization may or may not have necessarily accompanied such change. One motive, without doubt, would lie in one of the most defining characteristics of ODPs: a resistance to change (Mintzberg, 1979). However, the new context defining the 21st century expects and demands the evolution of such organizations (Neave, 2000). Furthermore, the literature does contain significant depth in terms of research dealing with some particular ODP types, such as universities and hospitals. However, even when falling within the same organizational category, the findings on one ODP are rarely ever generalized across the ODP category.

Thus, there is clear relevance in putting forward new proposals for ODP governance, as an organizational category, interrelating them and building up a general theoretical body of knowledge on these organizations. However, our survey of the literature reveals a relative paucity of research on ODPs grouped within the scope of this new social reality, particularly as regards questions of management. Therefore, one objective of this article is to systematize the fragmented literature in existence on ODPs, before aiming to demonstrate the need for new management models (new general models of management) for this organizational type.

While the management literature is abundant on traditional companies, ODPs, as a specific category of organization, have come in for very little academic attention, principally due to the complexity inherent to this organizational type. We understand there are plenty of studies specifically dealing with this or that ODP (such as university management, hospital management, among others), however, studies approaching the category as a whole are rarely found in the literature. Hence, there has been a failure to consider these organizations as a unique set, after all, these are organizations with common characteristic and any research carried out may contribute towards not to one or another ODP but rather towards the set of ODPs.

Furthermore, the existence of such organizations is fundamental, especially in social terms. There is no denying the importance of a university or a hospital to any community. Thus, bringing together the findings in the literature on this type of organization, in conjunction with some of our own new research, and setting out proposals for future research projects taking the extent of the category into consideration, and not only this or that example ODP, represent the main contributions of this study. We must also consider, as happened in the past, bringing together the ODPs within a single body of theoretical knowledge. In this study, Stakeholder Theory was found to be one theoretical approach able to achieve this goal.

In order to achieve such objectives, we must first define the ODPs. Following this, we approach the governance of these organizations as well as their current reality, highlighting the emerging need for new management models. We then raise the issue of stakeholders in ODPs, with this proving a route suggested for developing new management models for this organization category. The article concludes with a discussion of the theme, presenting a proposal for the modern management of ODPs based on Stakeholder Theory and puts forward a suggested research agenda for this field.

2. Organizations with Dispersed Powers

According to Costin (2001), in the organizational field, there is an organizational type different to those most commonly encountered: ODPs. Based on the studies of Millett (1979) and Mintzberg (1989), consensus was established around ODP being characterized by the diversity and frequent ambiguity of objectives, organizational plurality and by their structures of power, command and decision making. These organizations are defined by their three levels: the technical, the administrative and the institutional. Each level contains leaders with distinct powers within that same organization (Thompson, 1967). Daft (1992) defines how the ODP displays a varied number of activities or subsystems within its organizational extent. Clegg (1989) complements this in affirming that in a ODP the flow of authority takes place horizontally, vertically or diagonally through organizational hierarchies (the dispersed power). In this type of organization, change processes tend to be ambiguous and problematic with the organizational structures displaying a lack of clear definition (Weick, 1976).

According to Mintzberg (1989), ODPs contain, at their core, a body of highly specialized professionals engaged in complex tasks with these professionals endowed with a high degree of autonomy over their own activities. As examples, we may point to the diagnosis and prescription of medicine that doctors provide to each patient or even to the content and style

with which a professor lectures to students. These professionals do not only control their own work but also acquire great collective control over those administrative decisions that influence them. In the ODP, the basis of authority is professional in nature.

Hardy (1996) clarifies how these professionals gain their qualifications independent of the organization, with these qualifications also subject to legitimization by means of professional associations or by state entities, hence, external to the organization. This lighter professional connection to the organization limits the role of its managerial team. These are organizations turned apparently inside out (Mintzberg, 1989). For Baldrige (1983), these professional employees demand autonomy and liberty, show divided loyalties (towards their professional associations, for example), retain their own professional values (that may diverge from organizational values) and consider that they are uniquely capable of evaluating the quality of their work and passing judgment on their knowledge (spurning evaluation by managers who are not their peers and rejecting hierarchical authority). The informal power of such professionals overlaps with the formal structure of authority hence rendering these professionals demanding but disliking of demands, requirements or controls (Kast and Rosenzweig, 1985).

Strauss (1978) highlights that in ODPs, such as hospitals and universities, the theory of “negotiated order” may be observed. This relates to issues of order and how this is maintained and transformed. This theory considers how the organizational structure is constantly emerging through interactions (negotiated processes) between participants in their daily meetings and encounters. The structures established by these actions are rarely stable and their actors are engaged in constant renegotiation of their circumstances within organizations. The studies by Baldrige (1970, 1971), Cohen and March (1974), Weick (1976, 1979), Millett (1979), Mintzberg (1979) and Hardy (1996) set out a set of factors that characterize the ODPs and are summarized below:

- It is made up of countless and distinct activities that behave as “specialized cells”, free of any mutual unity (Weick, 1976),
- The existence of a strong political component to this type of organization (Baldrige, 1970),
- Each part of the organization has a distinct and highly particular culture (Baldrige, 1971),
- Diverse types of structure are in use with no departmentalized model uniformly applicable to all the organization (Hardy, 1996),
- There is a formal hierarchy, however, this does not signify relationships of power (Mintzberg, 1979),
- Low capacity to adapt to changes in the external environment (Weick, 1979),
- Use of various means to reach the same end (Millett, 1979),

- Multiple objectives and with the prevalence of broad reaching, intangible, vague, poorly defined and confused objectives (Hardy, 1996),
- Lack of a clear sense of priorities (Mintzberg, 1979),
- Low level of financial reporting (Mintzberg, 1979),
- Orientation towards staff and towards the mission (generally subjective and difficult to measure), to the detriment of economic results (Cohen and March, 1974),
- Compared with traditional private sector business organizations, greater vulnerability to changes in the external environment (Mintzberg, 1979),
- Non-standardized, problematic, complex, opaque and dynamic technologies based upon tacit and holistic knowledge in addition to a lack of process standardization (Weick, 1976),
- Employee core made up of specialists with autonomy and decision making powers (Mintzberg, 1979),
- High dependence on deeply specialized professionals who form the core of the organization (Mintzberg, 1979),
- Poorly connected internal networks, almost independents, with slow and weak information propagation (Weick, 1976),
- A relative lack (or slowness) of coordination (Cohen and March, 1974),
- Relative absence of regulation (and of compliance) (Mintzberg, 1979),
- Lack of control over activities within the organizational system (Hardy, 1996),
- Dynamic, dispersed and poorly defined authority (Cohen and March, 1974),
- Excessive decentralization and delegation of power (Millett, 1979),
- Decision making in accordance with political and negotiated processes, neither precise nor very interconnected due to diverse conflicts of interest (Baldrige, 1970),
- High resistance to change and control (Weick, 1976).

In summary, as Mintzberg and Quinn (1991) find, ODPs are professional or, as detailed above, organizations with a core of professionals with autonomy of action with their hierarchical superiors retaining little power to interfere with the work of specialists and with managerial decisions very commonly negotiated (and not imposed). These professionals, according to Young (2002), strongly influence the service rendered as do their professional values that are closely connected to the missions of ODPs.

Weick (1976) holds that a common tactic for understanding ODPs is to explore the possibility that the nature of the task being undertaken determines the organization's structural shape. Similarly, Birnbaum (1988) maintains the longest standing and most traditional representative of this category is the university. Its objectives involve teaching, research and participation in the respective surrounding environment. Its organizational ambience is made up of faculties,

departments, degrees, research laboratories, libraries, among the numerous other sectors making up the same organization. According to Meister-Scheytt and Scheytt (2005), the university is an organizational type characterized by an exceptional degree of complexity. Universities interrelate with many, perhaps all, subsystems of society and are influenced by a great number of factors such as politics, the economy, culture, ethics, morals, science, art, religion, among others (Luhmann, 1987, Gent, 2009).

Other examples of ODPs listed by Etzioni (1964) are: hospitals, healthcare provision organizations, political parties, commercial associations, volunteer based organizations (such as Greenpeace, the Red Cross, the Scouting movement), sports clubs, other social organizations (governmental or otherwise). All these institutions are endowed with highly individualistic characteristics differentiating them from business organizations and that require management models that take these particularities into consideration (Birnbaum, 2000).

3. ODPs Governance

Governance, according to various authors including Kooiman (1993), Lowndes and Skelcher (1998), Carver (2000) and Beach (2008), may be perceived as a social system by means of which decisions are taken and resources allocated within an organization or society. That is, as defined by Balderston (1995), governance refers to the distribution of powers and functions between units within a broader entity, specifying their respective means of communication and control, and regulating the relationships between the entity and the surrounding environment. Hence, according to studies by Agranoff and McGuire (2001), Mandell (2001), Keast and Hampson (2007) and Beach (2009), ODPs demand differentiated management approaches as conventional business strategies tend to be less effective within such organizational contexts. According to Birnbaum (1988), due to their complexity, these organizations tend to be managed in non-professional terms, with what may best be termed ad hoc approaches, with budgets more based upon feelings and intuition than facts and data, where informal structures and controls stand out and where organizational performance is due more to chance than to planning with pre-established targets.

This principally stems from the fact that the majority of these ODPs experience shared authority with the same impacting upon their decision making processes. According to Etzioni (1964), in these organizations, authority is shared between the administrative and the professional. Correspondingly, not only is authority but also power and influence are all delicate and frequently fragile with discussion and persuasion the most common means of exerting leadership (McConnell and Mortimer, 1971). For example, in universities, many decisions depend upon diverse internal institutional groups, whether teaching or administrative staff or even students. Generally, the main decisions happening in these organizations involve complicated negotiated processes given the sheer number of interested parties (Kast and Rosenzweig, 1985).

The literature demonstrates that in ODPs, management powers are normally wielded by one of the professionals who also act at another level in the organization (Riley and Baldrige, 1977, Powell, 2008). This management team holds power of influence, which is the capacity

to negotiate and persuade others to support them or accept their proposals or decisions. In such organizations, it is rare to find powers of governance able to impose decisions (Childers, 1981, Hardy, 1996, Mirchandani and Ikerd, 2008). In order to clarify these differences, Pascale and Athos (1981) set out a comparison between traditional business organizations and ODPs. This is detailed in table 1.

The characteristics of ODPs diverge from traditional business organizations. According to Birnbaum (1988), organizational cultures establish the limits within which the various behaviors and processes take place. In helping creating shared symbols, myths and perceptions of reality, organizational culture enables participants to establish a consensus around the behavior appropriate (Sporn, 1996). In ODPs, there is no unique culture but rather cultural pluralism, motivated by different ideologies whether organizational or specific to the respective field of specialist action (Dill, 1982). One example of the latter is the economics professor who follows a specific current of thought (Clark, 1983).

Table 1. Comparison between business organizations *versus* ODPs

Organizational Factor	Business Organizations	ODPs
Strategy	Planned	Opportunistic
Structure	Elitist	Pluralist
Systems	Mandatory	Discretionary
Style	Businesslike	Transformational
Staff	Together	Individualist
Shared Values	Rigidly Sticking to Rules	Freedom and Autonomy
Capacities	Maximization	Advance with age

Source: Adapted from Pascale and Athos (1981, p. 68)

Therefore, in these organizations, the culture of liberty and autonomy of the specialists forming the backbone of the organization hinders the action of the respective managers (Billing, 1998). Hence, there are high levels of informality and tacit knowledge complicating the management of ODPs (Birnbaum, 2000), in addition to all the other actors involved with such organizations and often under interdependent relationships in which the actions of some impact on others and do so successively (Millett, 1962, Clark, 1963, Kerr, 1963).

The problematic question around managing ODPs was highlighted in the model of fragmentation and low levels of coupling put forward by Weick (1976), who identifies ODPs as displaying poorly coupled systems with leaks between the various subsystems present in the organizations at the source of the complexity in this organizational type. Clark (1961) had already flagged how a ODP could only be functional through an organizational division into various parts (subsystems), which are separately managed even while mutually coordinated and integrated. Hence, the presence of countless specialists from diverse areas requires fragmentation and the later aligning of the organization, a process in which the mutual incompatibilities and external environmental pressures are managed by the organizational leaders (Duderstadt, 2000).

To explain and normalize the management of ODPs, five management models have been put forward for describing and prescribing the management of this type of organization: the Professional Bureaucracy Model, the Political Model, the Collegiate Model, the Organized Anarchy Model and the Market Model. The models listed were broadly developed in the 1970s and 1980s, and mostly based upon studies of universities, considered by researchers as the organizational type with the greatest complexity of all ODPs (Balderston, 1995). New models were also proposed in the 1990s and at the beginning of the 21st century (Clark, 2003), however, these five models remain the most commonly observed in the literature on ODPs management.

These models are not necessarily independent. There may exist more than one model of governance within the same ODP. A summary of these five models is presented in table 2.

Table 2. Models of ODPs governance

Model of Governance	Main Characteristics	Incompatibilities between the model and current ODP realities
Professional Bureaucracy Model Based on the works of: Blau (1973), Corson (1975), Mintzberg (1979, 1989), and Maassen and Potman (1990)	<ul style="list-style-type: none"> • ODPs are dual: endowed with both professional structures/bureaucracies (for example, professors in universities, doctors in hospitals) and administrative structures/bureaucracies, • Existence of autonomous subunits within major organizations, • Existence of very well defined rules, norms and policies, • Similarly well defined authorities and hierarchies, • Major resistance to change and innovation encountered, • The main administrator, making the connections between the two structures, is an organizer and an integrator, • Characterized by having clear and transparent objectives, processes and technologies, • Model based upon Bureaucratic Theories and Formal Classical Systems, 	<ul style="list-style-type: none"> • Contradictory and conflictual objectives between the professional and administrative structures hindering the implementation of strategies common to the entire organization, • Slow and ineffective communication, • Lack of attention to the external organizational environment.
Political Model Based on the works of: Baldrige (1970, 1971), and Pfeffer and Salancik (1974)	<ul style="list-style-type: none"> • ODPs contain various groups with conflicting interests (internal and external), These groups act as “small sovereign states”, that follow their own interests, with objectives and their own strategies, • “Political arenas” may be observed where diversified, or non-coinciding, interests clash, • Each group struggles for power which leads to compromises and adjustments, • Common characteristics of this model are: fluid participation, nature of normalized conflict, fragmentation 	<ul style="list-style-type: none"> • Diverse objectives and interests imply the lack of a broad and wide reaching general organizational objective, • The establishment of internal coalitions to attain the objectives of some organizational members hinders ODP strategic planning, • Multiplicity of

	<p>of interests, limited authority, and differences in status between groups,</p> <ul style="list-style-type: none"> • Power is deployed subtly and for winning over followers and supporters, • Process of decision making subject to political pressures, • Main manager at the centre of power struggles and rarely commands instead normally negotiating with the respective parties, • Characterized by clear and transparent processes and technologies, even if with conflictual objectives, • Model based upon Theories of Conflict, of Interest Groups, Open Systems and of Community Power. 	<p>strategies currently means no meaningful strategy,</p> <ul style="list-style-type: none"> • Internal political disputes result in a lack of organization focus on the surrounding environment.
<p>Collegiate (or Clan) Model</p> <p>Based on the works of: Millett (1962, 1968, 1979)</p>	<ul style="list-style-type: none"> • The organization is made up of a series of loyal and mutually traditional groups (such as professors, researchers, students in a university, doctors, nurses in hospitals) • Communities sharing common objectives and targets form and work in cooperation, • These communities influence the political positions taken by the organization's management, • Centered around professional authority that forms the basis of the organization, • There is no hierarchical relationship of authority but rather a set of interests and interaction between groups in order to reach consensus, • Requires strong leadership in order to minimize conflicts of interest, • The decision making process is democratic and seeks to meet the needs and the wishes of various organizational communities, • Characterized by clear and transparent objectives, even if with ambiguous or confused processes and technologies, • Model based upon Human Relations Theory. 	<ul style="list-style-type: none"> • The lack of hierarchical relationships reduces the commitment of internal actors, • Constant substitution of the lead manager results in constant change to objectives and strategies, • Democratic decision making processes may serve internal interests but are unlikely to focus attention on actors external to the organization.
<p>Organized Anarchy Model</p> <p>Based on the works of: Cohen, March and Olsen (1972), Cohen and March (1974), Weick</p>	<ul style="list-style-type: none"> • Organizations with problematic objectives, unclear technology and fluid levels of participation, • Organization actors use different and unconnected strategies, with the organization a set of non-interlinking strategies, • Emphasis on innovation and on informal entrepreneurialism, • A diverse set of ideas are contained with a relatively incoherent structure, • Internal organizational processes are not well understood 	<ul style="list-style-type: none"> • Multiple objectives, strategies and technologies reduce the probabilities of success of any shared ODP strategy, • Lack of internal interconnectedness generates a lack of attention to the external

<p>(1976, 1979) and Ellström (1983)</p>	<p>by their participants,</p> <ul style="list-style-type: none"> • Objectives achieved more by accident than planning, • Attaining objectives depends on a complicated interlinking between organization members, where individual objectives may vary over time, • The main manager of this organizational type holds ambiguous functions and attempts to bring together the parts to build a complete entity, acting as a facilitator to continuity of a process in which decisions are not taken, they simply happen, • Decision making is carried out within an ambiguous environment, • Characterized by having ambiguous or confused objectives, • Model based upon Theory of Complexity. 	<p>environment,</p> <ul style="list-style-type: none"> • Incapacity to unite the differing internal forces results in resource waste.
<p>Market Model</p> <p>Based on the works of: Ouchi (1980), and Cameron and Ettington (1988)</p>	<ul style="list-style-type: none"> • More usual in private sector, profit seeking ODPs, • Leadership targeted towards results, • Centralization of power, • Search for effectiveness and efficiency without compromising the service level, • Concern for competitiveness and organizational control, • Continuous usage of management tools, such as strategic planning, marketing, controls, among others, • Many similarities with traditional business organizations, • Characterized by having objectives, processes and technologies similar to business organizations, • Model based upon Modern Economic and Organizational Theories (Theories on Strategy, Marketing, among others). 	<ul style="list-style-type: none"> • ODPs utilizing this model experience a lack of social acceptance, • Achieving the financial results set does not necessarily mean meeting the need of actors external to the ODPs, • Reduction in the autonomy and power of professionals representing core ODP employees may result in a loss of competitive advantages.

Source: Own production

Despite ODPs appearing to belong to the bureaucratic model, with clear hierarchies and descriptions of functional attributes (directors, managers,, supervisors, coordinators, among others), and in which each function should be occupied according to individual competence, a deeper perspective on such organizations shows that this diverges from the reality on the ground. Researchers such as Schein (1985), Levy and Merry (1986), Morgan (1986), Bolman and Deal (1991), Carnall (1995), Carr, Hard and Trahan (1996) and Clark (2003) all explain ODPs as political models, both socially and culturally, with this relationship the motive for the complexity of this type of organization.

ODPs are normally shaped by rules and beliefs and there is only a partial relationship between these and traditional market oriented companies, as was already identified quite

some time ago by Bidwell (1965), March and Olsen (1976), Weick (1976) and Meyer and Rowan (1977). According to DiMaggio and Powell (1983), ODPs are better evaluated by their commitment to institutional targets, (for example, in the case of universities, teaching, research and services to society), than actually by their organizational performance.

This type of organization, according to Clark (1983), Cyert (1991), Seymour (1992), Owlia and Aspinwall (1997) and Hynes and Richardson (2007), exhibits strong resistance to change and corporatism among the countless groups forming within the extent of ODPs. In order to exemplify, we may refer to the number of departments in universities, with diffuse and sometimes conflictual interests. Bergman (1995) highlights the difficulties in managing ODPs: feelings of self-sufficiency among specialists, fragmentation, individualism and powerful professional bodies together form barriers to any process of transformation. Furthermore, clients, service quality, performance, indicators, efficiency and effectiveness are all problematic issues confronted by any type of ODP (McCulloch, 1993).

Correspondingly, the management of this organizational type has to deal with the issues stemming from the existence of two types of authority: the bureaucracy with its administrators, and the professional, wielded by the specialists who form the basis of the organization and who hold decision making autonomy in their posts. This characteristic has long since hindered the management of this organizational type (Baldrige, 1971, Mintzberg, 1989). Quinn and Voyer (1998), who researched the processes of formulating and implementing strategies in ODPs, conclude that these processes rarely seem aligned with analytical-rational models. Quite to the contrary, their findings point to processes tending to be fragmented, evolutionary and intuitive. It was thus then concluded, as with the already highlighted conclusions of Santiago et al. (2006), the traditional forms of ODPs management, as well as the models presented in table 2, are obsolete and inefficient with pressure exerted by various entities within society so that these practices are progressively replaced by others based on economically rational criteria.

4. The Current Reality: the Absence of New General Management Models of Governance

The need for new general management models of governance for ODPs derives from changes in their surrounding environment experienced across society in the early 21st century and including demands for more efficient utilization of resources and better service quality. These drive reforms of ODPs given that the main objective of the majority of them, where not all, is meeting social needs (Sporn, 1996). Hence, the modernization of institutional management bears urgency (Engwall, 2007) primarily because historically ODPs have shown a lack of concern regarding achieving targets and controlling costs. In turn, pressures from society, in particular from governmental authorities, have encouraged the introduction and implementation of private sector management practices (Balderston, 1995, Michael, 1997, Bleiklie, Hostaker and Vabo, 2000, Mwita, 2000, Pollit and Bouckaert, 2000, Doherty and Horne, 2001, Kirkpatrick, Ackroyd and Walker, 2005, and Melo, Sarrico and Radnor, 2008).

On the other hand, according to Birnbaum (2000) and Meek (2006), importing private company management techniques into ODPs requires adaptations that cannot simply ignore

the highly peculiar characteristics of these organizations. Hence, any type of rational organizational planning needs rational analysis but also political maneuvers and psychological interactions in attempts to combine the countless interests either present in the organization or deriving from the external environment, a point long since detailed by Keller (1983).

DiMaggio and Powell (1983) provide an explanation for the trend to import business management techniques into ODPs. In the study they carried out, they analyzed the factors leading to organizations becoming similar in terms of structure, culture and production, a concept known as isomorphism. Organizations tend to model themselves according to others perceived as getting good results, especially when organizational technologies are poorly understood, when objectives are ambiguous or when the prevailing environment creates uncertainties, factors falling within the framework of ODPs characteristics. Considering these aspects, it would seem that this type of organization, given the 21st century reality, see the practices of business organizations as successful and seek to copy their management systems for the purpose of organizational development.

This is a change in paradigm analogous to the scientific turnaround explained by Kuhn (1962). The external environment to ODPs has begun to force internal changes to these organizations, demanding a break with rules and traditions (paradigms), with the purpose of facilitating innovation and organizational development. Stakeholders such as government authorities, local communities, employer and labor associations increasingly demand competence and the good performance of this type of social organization and, clearly, without ever giving up on their traditional objectives (Crainer and Dearlove, 1999, Neave, 2000).

Hence, and as Slantcheva and Levy (2007) find, a ODP may turn towards more economically effective management forms by copying traditional business models, however, this depends on the perceived legitimacy among the various social actors making up the environment surrounding the organization. Legitimacy, according to Suchman (1995), is the generalized perception or supposition that the actions of an entity are desirable, positive and appropriate within the framework of some social system composed of norms, values, beliefs and definitions. This author maintains that legitimacy may assist in ensuring organizational continuity as well as its credibility, something deemed fundamental to ODPs of a social nature and in the public interest (Kinser, 2007), while facilitating the passive or active support of the organization and its activities. Suddaby (2002) defends how legitimacy is an important factor to the acceptance of innovation.

There are four levels of legitimacy to be gained by ODPs: social legitimacy, legal legitimacy, market legitimacy and professional legitimacy. Any ODP, even the most traditional, in changing the direction of their efforts in favor of growth and development should seek to legitimize the changes proposed across these four levels as a lack of legitimacy represents an insurmountable barrier to the actors due to drive the changes (Birnbaum, 2000). After all, a significant percentage of ODPs exist within a broader context of national norms and values (Nicolescu, 2007). Hence, actions in violation, or seeming to be in violation, of deeply established social norms and values may undermine the legitimacy of a specific organization

(Stetar, Panych and Tatusko, 2007).

Considering that, as Pfeffer and Salancik (1978) and Clark (1983) all point out, ODPs are merely components of a broader social system and depend on this system for supporting their continued existence, organizational objectives and the consequent activities require legitimacy and to be of value to the social system as a whole. The actions of ODPs will always involve evaluation by society (Meyer and Rowan, 1977, Scott, 1991). However, changing the form of management within informing and bringing along external stakeholders may result in the organization losing its legitimacy within society. This has been the case of private higher education teaching institutions and profit making healthcare organizations (Neave, 2007). These two types of institution seek their legitimacy through developing relationships with their external stakeholders (Suspitsin, 2007).

Clark (1983) distinguished four sets of values by which ODPs are judged by their stakeholders: justice, competence, liberty and loyalty. These should be the parameters by which ODPs renew their management procedures, based upon relationships with actors involved with the organization.

Hence, this demands a new approach to governance and accountability in addition to rethinking the concept of ODPs management, as previously put forward by Etzioni (1987). According to Jongbloed, Enders and Salerno (2008), new management systems for this type of organization should emerge in order to meet the new demands of society, as may be visualized in table 3.

Table 3. Comparison between traditional and new ODPs governance

Factors	Traditional governance of ODPs	New governance of ODPs
Context	Stable	Competitive
Population	Homogenous	Atomized
Needs/Problems	Simple, defined by core professionals	Wants, expressed by the market
Strategy	Centered on the internal environment and services produced	Centered on the market and oriented on the consumer
Governance through...	Hierarchies	Markets
Actors	Professionals, internal members of staff and beneficiaries	Stakeholders

Source: Adapted from Benington (2005, p. 4)

Hynes and Richardson (2007) complement this position in affirming that ODPs should move towards business management models so that they are more pro-active in meeting the needs of the stakeholders involved. As a proposal for a mutating reality, Uhr (1990) proposes that ODPs should search for solutions for their managerial problems from the field of private sector business management: focusing on results, simplifying decision making processes and greater managerial administrative accountability. Much of the lack of response to society derives from decades of disorganized organizational management at institutions supplying services to the population in general. Taking into consideration how each ODP makes up part

of an also complex system, such as local communities, society in general, public and private institutions, among others, the simplification of internal and external relationships of this organizational type may render it manageable (Levy, 2007).

However, when taking into account the current environment (competition for resources and budgetary restrictions) ODPs, to achieve the appropriate management structures for this new scenario, must remove the traditional barriers and obstacles and objectively set out how to appropriately improve levels of efficiency and effectiveness (Michael, 1997, Volkwein and Malik, 1997). Solutions should be searched for within an increasingly complex social environment (Beach, 2008). Furthermore, despite the organizational complexity, it is necessary to seek out a certain degree of conventional administrative rationality (Birnbaum, 1988).

Sporn (1995) defends that the future of ODPs in the social field depends upon how well internal adaptation processes to external changes are put into practice. Management, governance and leadership all play fundamental roles in attaining objectives in this type of organization. Clark (1998, 2003) points out that to reach objectives, this type of organization needs diversified financial resources, a strengthened and capable core managerial structure, a capacity to adapt to market demands and a business culture integrated into the social objectives of the organization. This correspondingly demands a reduction in the power and autonomy of the professionals making up the organization (Askling, 2001).

Hence, this is no easy changeover. Given the singularity of ODPs is based upon the autonomy and authority of its core professionals (Mintzberg, 1989, Dearlove, 2002), principally within their units or departments of action, where there are low levels of coupling between the diverse sectors of ODPs (Cohen and March, 1986), conflicts over power break out (Baldrige, 1971), preventing the changes necessary for the progress and evolution of this organizational type. As Birnbaum (2000) recalls, the weaknesses experienced by ODPs in managing change stem from the direct importing of management techniques from the business world, without any consideration of the peculiar and traditional characteristics of ODPs.

This is the challenge that leaders of ODPs face. Fulfilling their organizational mission all the while aspects of the surrounding environment, in particular the political and government dimensions, beyond any and all internal pressures, drive change to the current state of organizational governance (Young, 2002). Despite the approximation of social organizations towards their business counterparts, one should not be confused with the other (Clark, 1998). The leaders of ODPs, even when under heavy financial and social pressures, beyond the desire of making their organization financially successful, should not compromise its organizational mission, which is to benefit society.

The evolution of ODPs thus involves the adoption and utilization of greater agility and flexibility in decisions, better resource management, a strong orientation towards society and a focus on the relations between the stakeholders involved with the organization, overcoming the historical barriers of resistance to change (Smith, 2000). One of the great challenges to the management of ODPs lies in developing a greater capacity for responding to external demands as a means for survival in a competitive environment undergoing profound

transformation. However, this is not about coming up with some new “fad”. Changes based upon the management of stakeholder relationships have to be ongoing throughout years in order to ensure the survival of ODPs with social goals, despite the difficulties in establishing performance targets, often highly intangible in nature (Birnbaum, 2000).

5. Stakeholders in ODPs

As may be seen from the assumptions underpinning Stakeholder Theory (Freeman, 1984), traditionally speaking, stakeholders are divided up into two groups in accordance with a classification proposed by Clarkson (1991): firstly, those essential to the survival and success of the organization, such as shareholders, clients, employees and all those with regulatory or other forms of power and with which there is heavy interdependence and secondly, those with which the organization interacts but which are not essential to their survival, such as the community, government, other organizations and the surrounding environment. King (1995), building upon the aforementioned proposal, classified stakeholders into four categories:

- Those who influence or are influenced by company activities due to its inputs (suppliers, financing entities, trade unions, professional associations, local communities, local leadership)
- Those who influence or are influenced by company activities due to its outputs (clients, owners and/or shareholders, local communities, local leadership, competitors),
- Those who influence or are influenced by company activities due to its operations (owners and/or shareholders, managers, supervisors, employees),
- Those who influence or are influenced by company activities due to its interaction with the surrounding macro-environment (communities, media, government, international organisms, external leaderships, scientific community, trade unions, political parties, parliaments, judges, among others).

Beyond these, other classifications have been proposed by a range of authors including: Goodpaster (1991), Savage et al., (1991), Hill and Jones (1992), Frooman (1999), Bryson (2004), Frooman and Murrell (2005), Jones, Felps and Bigley (2007), Reed et al., (2009). However, the classification initially proposed by Clarkson (1991) has remained most present in research projects involving stakeholders.

Analysis on the various suggested categorizations show that stakeholders, according to Beach (2009), may be classified in accordance with company interests. Some dimensions of this approach to classification are: by risk (voluntary or involuntary), by importance (primary/contractual or secondary/diffused), by location (internal, external or mixed), by strength (institutional/regulatory, economic or ethical), by moral and economic interests (social or business), by dimension (essential, strategic or environmental), and by relevance (latent, expectant, definitive, potential). However, there is no classification that is sufficiently in harmony with the context of ODPs (Beach, Brown and Keast, 2009). In different ways to traditional organizations, ODPs are involved with a large quantity of stakeholders that wield different types of pressure, hold multiple and sometimes conflicting interests and derive from

different resources and hence are often very difficult to categorize (Hsieh, Curtis and Smith, 2008, Davis, Kee and Newcomer, 2010).

While the identification of stakeholders has been a popular theme since publication by Freeman (1984), the identification of stakeholders to ODPs remains difficult to satisfactorily achieve. The new public management, a relevant influence on the management of the more common ODPs, seeks to leave behind elitism to deliberately foster and nurture public engagement, creating the expectation of the greater involvement of society and has hence been strengthened by the changeover to more collaborative forms of governance, broadening the spectrum of stakeholders for this organizational type. However, a common theme in reformulating the prevailing governance and management of ODPs structures and processes seeks to raise performance so as to best meet the expectations of various external stakeholders (Neave, 2002).

Correspondingly, a vast range of actors currently participate in a broad variety of political and social initiatives. However, the resulting complexity poses difficulties for ODPs interested in distinguishing between the different types of actors among the stakeholder categories (Beach, 2008).

One fundamental point is that, in ODPs, stakeholders are very often seen as sources of legitimacy. These sources of legitimacy, that is groups or institutions that have the authority to confer their approval on an organization of a specific type of practice, are an important factor. In the institutional ambiances of ODPs, the organization interrelates with a myriad of external actors. For example, in the sphere of higher education, universities do not only respond to accreditation agencies and professional associations but also to governmental entities, state agencies, peer institutions, students, parents, employers as well as donors (Slantcheva, 2007).

Similarly, according to Beach, Brown and Keast (2009), the highly peculiar characteristics of ODPs indicate that a great variety of stakeholder groups are susceptible to regularly interacting with this organizational type. Nevertheless, the level of inclusion has thus far not been satisfactorily dealt with by the literature. It may be stated that decisions on inclusion are still more complicated than the extent of the spectrum of actors and groups that may have, or believe they may have, a legitimate right over some organization endowed with social objectives such as, and for example, industrial groups, the media and activist groups.

However, different to private profit-making companies, where shareholders are the main stakeholder (Friedman and Miles, 2006), in ODPs other stakeholders hold moral legitimacy to demand their interests be taken into consideration by the organization. Among them are the specialist professionals (especially when they hold working autonomy and power in an organization, as is the case with professors and doctors in universities and hospitals, respectively), the community (to the extent that ODPs, in their majority, are endowed with social objectives), the government (especially those that finance this type of organization) and, under certain conditions, clients or beneficiaries (Etzioni, 1998). The complexity of social problems demands the participation of a number of different publics (Beach, 2009).

Within the same scope, Polonsky (1995), in his study, defines ODP stakeholders as including: consumers, the competition, the judicial/juridical system, employees, financial institutions, the public in general, the government, special interest groups (such as regulatory agencies or professional bodies), means of communication, owners, the scientific community, and suppliers and their distribution channels. Radin (1999) is another author who categorized stakeholders in a research project focusing on an entity close to the complex category (government): community, consumers, employees, owners, financial institutions, foreign entities, the government, and the legal system.

The broad study by Sirgy (2002) on the identification of an organization's stakeholders provides a three group classification. The first group is composed of internal stakeholders, such as executive managers, boards of directors, ethics committees, company departments (financial, marketing, human resources, etcetera). The second group is external, such as owners, shareholders, suppliers, employees, the media, creditors, distributors, the local community and surrounding environment. The third group covers the peripheral stakeholders, such as competitors, technological development agencies, auditors, legal groups, advocacy groups (environmental, consumers, safety, health, charitable causes, managerial), political parties, insurance companies, executive circles, industrial leaders, financial and investment institutions, buyer and supplier groups, transport groups, governmental agencies, higher education institutions, social critics, professional and trade associations, trade unions, voters and legislators. According to this study, this classification may be applied to any organization irrespective of its complexity.

The Lim, Ahn and Lee (2005) study approached public companies and put forward a four group classification for ODPs: regulatory stakeholders (government), organizational stakeholders (clients, suppliers, employees, shareholders,), community stakeholders (local, regional, national or international community groups, environmental organizations and other group types), and the media (the press and means of communication, among others).

In summary, the scarce existence of research identifying and analyzing stakeholders to ODPs is perceptible. Due to the specific characteristics of this organizational type, the studies analyzed find ODPs display three facets: the number of stakeholders is greater than the generality of companies, these stakeholders wield influence (or are influenced) differently to common companies and there is a lack of clarity as to who/what really are the ODP's stakeholders nor is the type of influence held easily discernible (Friedman and Miles, 2006).

6. Discussion

Taking this content into consideration, some findings may be clearly identified. One first conclusion is that ODPs are very different to the more common business organizations. Correspondingly, it may be supposed that the more traditional management approaches, when adopted at ODPs, shall prove less effective. Hence, the direct importation of managerial techniques and tools is unlikely to result in any improvement to the performance of ODPs, a finding already observed by Agranoff and McGuire (2001), Mandell (2001), Keast and Hampson (2007) and Beach (2009). Thus, only research focused upon the category of ODPs will be able to build up a theoretical body of knowledge on these organizations, subsequently

of assistance to the professionals acting in the diverse ODPs.

Another finding is that ODPs represent a reality already confirmed by the literature and studied in a range of ways (Etzioni, 1987). Nevertheless, the literature in this field is fragmented and dispersed. There have been various different efforts to understand the phenomena in question, however, this research does not approach the various ODPs as a single set displaying common characteristics. This conclusion demonstrates that the efforts of researchers have been concentrated on studying this or that type of ODP without considering the category as a whole. It may yet prove the case that this organizational type, given their diversity and particularities, is not susceptible to any systematization of its management able to unify the concepts and practices applicable across the generality of these organizations?

Only the unification of studies will enable the discoveries of best practices, for example, in universities that are also of relevance to hospitals or volunteer organizations, among others. This systematization of the ODPs category would facilitate the interlinking of the research findings that are currently dispersed across the literature. This combining of research efforts might significantly contribute towards the development of a whole set of ODPs.

Furthermore, given they are normally endowed with social objectives, ODPs are of importance to society. There is no debate as to the relevance of university organizations, healthcare entities or even non-governmental organizations both to states and to the general good. They are all deemed fundamental to the economic and social progress of countries (Neave, 2000). Furthermore, according to Birnbaum (1988, 2000), ODPs are run with non-professionalized management, almost informal, perhaps due to the lack of good management alternatives. The models presented are historic and inefficient, effectively obsolete (Santiago et al., 2006), and unable to generate solutions for the traditional problems of ODPs, such as issues of divided leadership (Cohen and March, 1974) and diverse and plural organizational cultures (Clark, 1983), among others.

This may also explain the resistance to change in this category of organizations (Mintzberg, 1979). The lack of good management options leads to a trend towards isomorphism (DiMaggio and Powell, 1983), with the replication of management techniques from successful organizations. However, this has not worked in ODPs (Beach, 2009). New management models for this category need setting out, testing and legitimizing, thereby finding the means to overcome the resistance of participants interacting in this organizational category. These should preferably be generic management models applicable in the diverse organizations making up the ODPs set, thus unifying this field of study.

One alternative would be to approach these organizations from the Stakeholder Theory perspective (Freeman and Liedtka, 1997). Considering the fact that the majority of ODPs hold social objectives, the management of stakeholders seems an appropriate route to producing new and modern models of governance for this organizational type (Jongbloed, Enders and Salerno, 2008).

Various authors in this theoretical field have argued that the analysis of stakeholders represents a key to identifying those problems that can and should be resolved (for example,

Freeman, 1984, Frooman, 1999, Bryson, 2004, Friedman and Miles, 2006), especially in situations where nobody is totally responsible, but many are involved, subject to the consequences or who have some partial responsibility for acting (Beach, 2008, 2009). Such is the case with ODPs.

Stakeholder Theory emerges out of the work of Freeman (1984) and came to great prominence among management researchers in the 1990s. Despite originating in the field of strategic management, the analysis and management of stakeholder spread to various fields having reached the status of an organizational theory. Today, we may state that focusing on organizational stakeholders becomes an important organizational decision which may drive company success (Beach, 2009).

As regards ODPs, Stakeholder Theory, across its normative, instrumental and descriptive facets (Donaldson and Preston, 1995), seems to suit well these purposes. ODPs contain multiple objectives, generally difficult to measure, and these objectives impact upon a varied number of stakeholders. Such a position requires the effective management of stakeholders (Neave, 2002).

Stakeholder Theory may be relevant to ODPs in helping to explain the attention paid to various communities belonging to the surrounding environment of these organizations as well as the relationships between the organizations and their communities (Jongbloed, Enders and Salerno, 2008). Correspondingly, the management of ODPs may be based upon the interactive capacity established with stakeholders. These, and across their multiple roles, represent an important factor of analysis to the ODPs chain of value through the provision of information, resources and competences so that these organizations cope with uncertain and turbulent environments.

Furthermore, Stakeholder Theory may contribute towards the management of ODPs given its three facets describe, instrumentalize and prescribe managerial actions:

- Regarding the descriptive approach, research can describe or explain the specific behavioral characteristics of ODPs in relation to its stakeholders,
- In relation to the instrumental dimension, studies can evaluate the effect of strategies and policies oriented towards stakeholders on ODPs performance,
- And in terms of the normative approach, this can be deployed to interpret the functioning of the ODP as well as to prescribe forms of management to its leaders.

However, ODPs have not been the subject of much research from the stakeholder perspective (Jongbloed, Enders and Salerno, 2008), despite this organizational structure normally featuring social objectives and impacting on (or impacted upon by) a broad range of stakeholders (Burrows, 1999). Similarly, it would seem acceptable to state that Stakeholder Theory is compatible with the need to renew the management of ODPs. Thus, this theoretical approach may represent the means of linking up the various existing ODP types, thereby establishing a single set of organizations as table 4 sets out.

Table 4. Comparison between ODP characteristics and Stakeholder Theory orientations

ODP characteristics	Stakeholder Theory
Multiple objectives, activities, structures and internal and external relationships	The theory advocates paying attention to the needs of diverse stakeholders resulting in multiple objectives, activities, structures and relationships, with each focused on one or other stakeholder.
Dispersed power and decision making	In order to meet the needs of different stakeholders, the theoretical approach suggests the distribution of power and decision making capacities.
Great autonomy and limited control	Each stakeholder may receive attention from different internal actors, which may mean autonomy in the work of these actors.
Constant existence of political influence	The focus on stakeholders minimizes internal political conflicts, as the general objective is the environment external to the organization and its requirements.
Diversified internal culture	Diversification of stakeholders may demand distinct internal cultures, each one focused on serving one or more specific stakeholders.
A lack of capacity to adapt to the external environment	The stakeholder approach focuses on the organization's external environment.
Utilization of countless means and technologies to reach the same end	The diversity of stakeholder demands different means, approaches and technologies, nevertheless, the objective remains the same: to meet stakeholder needs.
Difficulties in determining priorities	As the theory explains, each stakeholder has a specific level of importance requiring priorities be duly established according to this importance.
Relative lack of importance attributed to the financial reporting and regulatory framework	The stakeholder focus on the organization requires specific financial reporting and special rules in accordance with the respective stakeholder.
Lack of interconnections and coordination between organization sectors	Stakeholder theory assumes stakeholders have specific needs that do not necessarily involve the entire organization but do involve specific ODP sectors thereby minimizing the need for interrelationships and coordination between ODP sectors.
High resistance to change	Focusing efforts on stakeholders involves seeking out specific competences held by organizational members that may be mobilized to bring about changes in their activities.

Source: Own production

In summary, this is a theory that we deem of relevance to the management of ODPs. We would also point out that the adaptation and utilization of Stakeholder Theory within the ODPs context, thus far not yet achieved, might result in a modern governance model for ODPs.

7. Final Considerations: Routes to Take

Having identified the need for academia to return its attentions to the research of ODPs management in the contemporary reality, some approaches are set out below. One route is formalizing ODPs as an organizational research category. A tentative approach was made by this study even though there are many shortcomings that require resolution. Bringing together and systematizing the already published studies on the management of the various types of

ODPs management would contribute towards advancing the study of new management models for this category of organization and leveraging the findings already made in the diverse research projects already undertaken. Taking into account the common characteristics shared by the various types of ODPs does enable the currently dispersed studies to be systematized.

Another feasible approach is the adaptation of successful management models from organizations bordering upon the ODPs including, for example, public organizations and nonprofit entities. This adaptation requires thorough research to ensure that modern management models for ODPs do effectively emerge out of the experiences of other organizations with different characteristics but which are not that distant to ODPs.

Finally, it may be assumed that a managerial model attaining compatibility with ODPs is the theoretical approach explaining the management of stakeholders. Given that core concepts to Stakeholder Theory are under application in fields beyond that of strategy, and including marketing, social responsibility, ethics, organizational culture and behavior, among others, the trend towards stakeholder management is perceived as more effective for organizations presenting high degrees of complexity, that is, ODPs. Nevertheless, this research has still to be carried out even if this approach does seem viable for the development of modern management models for ODPs.

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