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ABSTRACT

The charities or philanthropies are generally the result of private initiative. They design and provide an apparently easily substitutable service for which there is ample competition. They collect funds from charitable donors to finance community-based projects. The continuity of the relationship to the resource providers, and to the community groups, both of which could be seen as "customers", is temporary, and hard to stabilize. It requires trust, yet the rarity of the encounter itself and the lack of closeness destroys trust. Surviving in such an environment is a constant challenge. How do these organizations manage to adapt to change and survive is the topic of this text.

Based on a detailed study of the operations and strategic decision-making of Centraide in Greater Montreal, the author suggests that dependency on the environment is not a crippling curse, but rather can be a stimulus to adaptation. The example of two major changes over a 10 year period shows that strategic management in high dependency situations requires a continual attention to the organization's relationship with the forces in its environment, thus making change a permanent feature of management and forcing a continuous management of the process by which change takes place. Where managers put the emphasis on the content of change, challenges arise that may be fatal to the managers involved, and detrimental to the organization's ability to compete. This is indeed the basic proposition of the author : for philanthropies, dependency is a strategy that may prove more effective in managing complex situations than autonomy, provided that more attention is given to strategic decisions process rather than to their content.

The first part of the text is a discussion of the relevant strategic management literature, proposes a conceptual framework which structures the text. The second part describes the strategic decision-making process in Centraide, and its character, by relating two major change attempts. The first change was undertaken in 1990 and led to a major crisis, while the second was formally started in 1997, with some surprising success. This will lead to a discussion of the strategic management and change of highly dependent organizations, and to a few concluding comments and implications for research and practice.

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INTRODUCTION

In his groundbreaking work, Thompson (1967) proposed that "technologies and environments are major sources of uncertainty for organizations, and that differences in those dimensions will result in differences in organizations". Ever since, the contingency theory propositions have been tested and generally verified in a variety of settings (see Vankatraman and Prescott, 1990). It is today accepted that organizations in order to survive have to design their operations and structures to reduce the effect of environmental uncertainty. This can be done by sealing or buffering the organizational core from outside influences. The art of organizational design and structuring, as the art of managing organizations, is seen as the art of reducing the organizational dependency on its environment (Pfeffer and Salancik, 1978). Organizations that are too dependent on their environment are either appendix organizations without much room for strategic choice, or temporary ones (Rhenman, 1973 ; Hrebeniak and Joyce, 1985), without much manoeuvring ability.

With rare exceptions (Pascale & Athos, 1981), the call for increasing the organization's power over its environment, or reducing the power of its environment over it, is generalized (Crozier & Friedberg, 1977). Yet, there are situations where organizations are apparently almost totally dependent on their environment without any significant survival difficulties. Most of these situations have been built to be durable and generate mutual dependency despite appearances or the actors' wishes. For example, public sector organizations and state-owned firms situations have been abundantly discussed (Anastassopoulos, 1981 ; Vernon & Aharoni, 1981 ; Hafsi & Thomas, 1989 ; Crozier, 1963) and suggest that dependency is a situation to which there are interesting responses.

In particular, the case of charities or philanthropies is telling. These organizations are generally the result of private initiative. They design and provide an apparently easily substitutable service for which there is ample competition. They collect funds from charitable donors to finance community-based projects. The continuity of the relationship to the resource providers, and to the community groups, both of which could be seen as " customers ", is temporary, and hard to stabilize. It requires trust, yet the rarity of the encounter itself and the lack of closeness destroys trust. Surviving in such an environment is a constant challenge. Recently, such an entrenched philanthropy as United Way of America has seen its image affected by an apparent misappropriation of resources by a top manager, leading to a sharp, if temporary, drop of contributions for all the regional United Ways throughout the country. Yet these organizations, like churches and universities, are long-lasting. How do they manage to adapt to change and survive is the topic of this article.

Based on a detailed study of the operations and strategic decision-making of Centraide in Greater Montreal, this article suggests that dependency on the environment is not a crippling curse, but rather can be a stimulus to adaptation. The example of two major changes over a 10 year period shows that strategic management in high dependency situations requires a continual attention to the organization's relationship with the forces in its environment, thus making change a permanent feature of management and forcing a continuous management of the process by which change takes place. Where managers put the emphasis on the content of change, challenges arise that may

be fatal to the managers involved, and detrimental to the organization's ability to compete. This is indeed our basic proposition : *For philanthropies, dependency is a strategy that may prove more effective in managing complex situations than autonomy, provided that more attention is given to strategic decisions process rather than to their content*. The article is divided into five parts. The first part, a discussion of the relevant strategic management literature, proposes a conceptual framework which structures this article. The second part describes the strategic decision-making process in Centraide, and its character, by relating two major change attempts. The first change was undertaken in 1990 and led to a major crisis, while the second was formally started in 1997, with some surprising success. This will lead to a discussion of the strategic management and change of highly dependent organizations, and to a few concluding comments and implications for research and practice.

1.   ENVIRONMENT AND ORGANIZATIONAL DEPENDENCY : AN OVERVIEW

1.1.   Organizations and environment

Thompson's (1967) and Lawrence and Lorsch's (1967) powerful conceptualizations of the relationship between organization and environment have generated a whole industry of research on the topic, and competing claims. Several conceptualizations (Lenz and Engledow, 1986) compete with each other. The dominant industrial organization model (Porter, 1980) has been challenged by a stakeholder perspective (Freeman, 1984), a population ecology perspective (Aldrich, 1979 ; Hannan and Freeman, 1984), and a resource dependency perspective (Pfeffer and Salancik, 1978), all of which attempt to justify a deterministic stance that conceive of the organization's behavior as being correlated with the nature of its environment. Another historical perspective confirms the importance of the environment-organizational behavior relationship (Chandler, 1962 ; Greiner, 1998). A sequence of stages, driven by punctuated equilibrium or slow-paced evolution, suggests that the organization changes under pressure to adapt to (historically) predictable environmental movements (Tushman and Anderson, 1986).

Although ubiquitous, dependency is frequently seen as a maladie (Thompson, 1967 ; Mintzberg, 1978 ; Pfeffer & Salancik, 1978). If an organization is dependent on its environment, it may be close to death or so goes the implicit argument. The delicate relationship with the environment is often overlooked to emphasize the more definite statements of fit. Dependency, for example, is in Thompson's words « hated by organizations, subject to norms of rationality, and is to be avoided ». Yet, some empirical evidence suggests otherwise. Sawyerr (1993) has shown that, in Nigeria, one cannot speak of dependency and uncertainty indiscriminately. Actually, there may be a high dependency on some segments, but control over other segments. Similarly, Tan and Litschert (1994), in their study of the electronics industry in China, suggests that although the environment plays a key role in Chinese firms' performance, it does not cripple or debilitate, it simply makes some strategies or organizational behaviors more relevant or more effective than others. They have shown for example that in an economy in transition, such as China's, defensive strategies, which are seen elsewhere as a poor choice, provide a high performance.

A different perspective emphasizes perceptions. The environment, according to Weick (1979) is in the eye of the beholder, who then " enacts " it. Managers watching the same environment may see different things and forces, which leads them to different courses of action, some to adapt to the environment, others to change it. Such a theory is not incompatible with the others, but provides managers with a powerful justification for a voluntaristic attitude. It even suggests that the diffusion of knowledge through business schools and consulting firms may have socialized managers to some of the environment models rather than others (Homburg, Workman & Krohmer, 1999). This is consistent with new institutional theorists of organization's proposition, as we shall see later.

These theories lead to different ways of looking at an organization's strategic management. The more deterministic models - industrial organization, stakeholders and ecology - may understate the managers' ability to produce change, while the enactment model may overstate it. Looking for a niche or for the right stakeholders' protection is the essence of strategy. The more dependent one is, the more one's action outcome is predetermined. In this work, we intend to take issue with these views. We shall argue that dependency is not only inevitable, it is necessary for survival as it increases the organization sensitivity to the environment and its ability to adapt to it. The history of Centraide shows how a strategy taking into account the organization's dependency can lead to some surprising levels of control over the environment. We shall call upon the institutional theory of organization to describe and offer an interpretation of our findings.

The institutional theory of organization studies the effect of institutions and institutionalization on the behavior of organizations (Selznick, 1957 ; Powell & DiMaggio, 1991). The early version of the theory was Selznick's description of institutionalization as a dominant process among organizations that leads to predictable behaviour. He then suggested that given the power of institutionalization, it should be leadership's main concern, and contribution. The more recent work shifts the focus to the effect of broader, externally-borne institutions on the behaviour of organizations. It has been stimulated by Meyer and Rowan's proposition that organizations which conform to institutionalized environment-borne rules improve their ability to survive, and by Powell & DiMaggio's (1983) assertion that the institutional setting generates isomorphism on the part of organizations. The literature is revealing that the power of institutions is such that structural forms, and managerial behaviour can be predicted, when the institutional situation is understood (Meyer, 1977 ; Meyer and Scott 1987, 1992 ; Fligstein, 1987; Scott, 1995). Because the idea of institution is so broad[1], the theory's postulates and findings cross and match those mentioned earlier, and in a sense provide a powerful synthesis.

In the early institutional currents, the issues that dominate research cover such areas as influences, values, moral frames, and ways through which interest groups divert the formal mission of an organization. The more recent currents are more concerned about legitimacy, taken-for-granted norms, routines, and cognitive, normative and regulating dimensions of institutions (Scott, 2001). The new institutional theory of organization provides clues about the unexplained behavior of organizations, by exploring significant dimensions of social organizational experience (Zucker, 1987). Oliver (1996) suggested that institutional influences can be combined with resource acquisition needs in an effort to describe actual behaviour; going further Greenwood and Hinings (1996) have offered a Constrained-efficiency model to take into account the dual search for efficiency, as described in most industrial organization research, and the search for legitimacy as examplified in institutional theory. New institutional theorists have recently argued that the apparent anti-change bias of the institutional theory should be turned upside-down. Institutional theories are actually a powerful way to understand the sources of resistance to change in an organization, and thus comprehending institutional impediments to change is a good start to prepare and act to effect change (Scott, 2001, Dacin, Goodstein and Scott, 2002).

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[1] Institutional theorists (Berger & Luckman, 1967 ; Zucker, 1987 ; Meyer and Rowan, 1977) propose that institutions are socially constructed templates for action, generated and maintained through on-going interactions. They provide the framework and procedures within which organizations function. Burns and Flam (1987) define institutions as shared rules that categorize social actors, their activities and relationships.

The study of institutions and their effects highlights several other issues (Farashahi, 2001). First, there is a need to take into account the overlapping effects of different levels of institutions (e.g., national, industry, strategic groups) (DiMaggio & Powell, 1983). Second, the effect of institutions is not a one-way street. Institutions are also influenced by the organizations that they influence. Many researchers have highlighted this reciprocal impact of organizations on institutional norms (Giddens, 1987 ; Barley & Tolbert, 1997 ; Jepperson, 1991). Third, at the more micro level, the different parts of an organization may respond differently to the same institutional pressures, thus providing differing degrees of institutionalization within an organization (Tolbert & Zucker, 1996). In this sense, Institutionalization is really a process, rather than a state (Zucker, 1991). Finally, it may sometimes be important to give a special status to national context. Specific situations, such as those of developing countries or those of strong cultural environments, may have important additional effects (Chen et al, 1998 ; Jorgensen, 1989 ; Orru et al, 1991; Peng & Luo, 2000). Many theoretical questions are raised by such a view. At the top of these, one could suggest two : (1) How do taken-for-granted institutional influences interact with more visible efficiency and effectiveness concerns to explain behaviour ? (2) How are key actors made aware of these taken-for-granted influences, and how do they change them ?

Non-profit organizations are often deliberate attempts to fit within an institutional context to resolve a specific social-political conundrum. Given the close relationships that a non-profit organization entertains with its environment, the previous findings should describe and explain their behaviour. We argue that non profit organizations are dominated by values and norms that define their environment, which should be reflected in the way they function. However, these organizations do influence these values and norms, which should be reflected in what and how environmental actors contribute to these organizations governance or operations. Given the complexity of the activities of these organisations we would also expect that different parts of a non-profit organization are influenced differently by their institutional setting.

Institutional approaches to understanding the behaviour of organizations are more appropriate where large complex systems are concerned, where cause-effect relationships are obscure and elude any actor's intuitive leaps. In particular, they are more useful where one studies a field of organizational action, whether an industry, a region, or a nation. Such studies usually require an understanding of the historical dynamics that led to the existing institutional setting. Historical dynamics, multiplicity of organizations and of actors are the ingredients that lead to taken-for-granted norms, values, and cognitive biases. Among others, Leblebici et al (1991), have shown how an historical institutional study could explain the evolution of the US radio-broadcasting industry ; Dacin (1997) has studied the evolution of the population of Finnish newspapers in the 19th century to explain the effect of nationalism on the creation of Finnish-language newspapers ; Holm (1995) described the slow transformation of the Norwegian fisheries from the 1920s to the 1990s, by looking at the special role played by the Mandated sales organizations (MSOs), a most powerful institution in the history of Norwegian fisheries ; Hoffman (1999) studied environment-related federal legal cases, faced by the U.S. chemical industry, from 1962 to 1993, to show how competing values and norms may simultaneously exist and come to bear on corporate behaviour.

In this paper, we are following on these traditions to build theory on the relationship between institutional norms and values and the success of a change effort. The study of a large non-profit

organization history is appropriate, because of its complexity. One cannot understand the behavior of Centraide without replacing it in a broader system that includes both donors and beneficiaries, which brings to the table a large number of actors and organisations, a whole organizational field (Scott, 2001).

2.   DATA AND METHODS

This research, exploring how to understand the ability of completely dependent organizations to survive and prosper for a long period of time, builds on a tradition of phenomenological research that has been popularized by the work of Berger and Luckmann (1967). Building on Schutz (1967), they suggest that social inquiry may call for methodological devices that are adhoc and specifically designed to the situation studied. Schutz had argued that " the constructs used by the social scientists are, so to speak, constructs of the second degree, namely constructs of the constructs made by actors on the social scene, whose behavior the scientist observes and tries to explain in accordance with the procedural rule of his science " (Bowring, 2000). Building on the idea that reality is socially constructed, and that the role of sociology of knowledge is to analyze the process through which this occurs, Burger and Luckmann posit that phenomenological analysis, a purely descriptive and empirical method, is the most appropriate method to discover how " subjective meanings become objective faclicities ". It is therefore a phenomenological approach that has been taken here. We were looking for explanations to a complex set of questions. Rich information and data were needed, and the research process itself could not be programmed with precision. A grounded theory approach (Creswell, 1997) was followed. We have conducted a long term historical study of strategic management in Centraide, a community philanthropy serving the Greater Montreal area. More specifically, we focused on the study of two major change attempts. The study was conducted during the period from 1997 to 2001. Side elements of the study are still going on. The study included interviews with key opinion leaders, with the executive group of Centraide, its board, and its employees, and with a cross section of leaders of the community-based organizations that are part of the Centraide system, in total over 200 informants. The study included also a study of internal documents and of the history of the organization. The interview guide which was used with the group of informants is provided as an Appendix. The guide was used as a broad framework and not all questions were asked of all the respondents. Following Glaser and Strauss' procedure (1967), we stopped asking those questions, where we believed that we had exhausted their purpose, and moved to those that had not been addressed completely. With that, we believe that we had a clear portrait of the change efforts, which are described below.

The informants included 48 opinion leaders, representing all strands of Greater Montreal's civil society and government. In addition, 35 of the professionals of Centraide were interviewed, most of them in groups of 5 to 10, and 10 of them individually. Also, all the top and middle managers of the organization, including the President and her, six direct reports, and the 10 third level managers. Finally, were included in the study 13 community organizations, in which at least two persons, generally the general managers and a key volunteer or staff person, were interviewed. The study also included the participation to numerous internal meetings, meetings involving Centraide's volunteer governance system, and meetings with outside partners. Table 1 summarizes the sample of informants questioned, and the format used. To this we have to add attendance to 5 board meetings, 6 meetings of the Allocation board (in charge of allocating resources to the community organizations), 2 staff meetings of Centraide (with every employee attending), 2 annual general assemblies of Centraide, 5 community organizations general assemblies, several meetings involving Centraide and partner organizations (community organizations, government

agencies, charitable foundations, other united ways, etc.), and several social events organized by Centraide or the community organizations.

The findings have been summarized in many different ways in other documents. To keep the presentation length reasonable, we have chosen here to propose a case discussion of the changes as they came out of the interviews and discussions with individuals and groups of informant.

3. TALES OF TWO CHANGE ATTEMPTS : SOME EMPIRICAL EVIDENCE

In this work we are more specifically focusing on the two most important change attempts that have taken place in the last fifteen years. One of the attempts is labelled " Hard change ", because it was essentially dominated by top management ideas, with little attention given to the ability of the system (individuals, groups and organizations), or its willingness to adjust. This change attempt has basically failed to carry the organization to a new situation. The second attempt, a " Soft change ", has proceeded very cautiously and, although it is too early to call in a definite way, the present consensus among managers and the research team involved in this work is that it has succeeded in transforming profoundly the whole system. In this section, the two attempts are described. The whole process will be discussed in the following section.

4.   THEORY-DRIVEN, TOP DOMINATED " HARD CHANGE "

4.1.   Centraide : The early days

In the 1960s and earlier, religious-based charities were dominant in Montreal. Donors, especially large and corporate donors were under siege to contribute to each of the charities funds. The number of solicitations was increasing fast, and soon the main charities realized that they were all chasing the same limited number of dollars. Donors, especially large ones, were complaining about the disorganized solicitation process and calling for a unification of charities campaigns. In 1970, the five largest charity organizations in Montreal[2], decided to merge their fund raising activities into the Greater Montreal Federations Campaign organization. Each of the federations was still to keep its fund distribution activities. The campaign funds were to be shared on the basis of the relative individual campaign results prior to the merger.

In 1974, the allied federations (except the Red Cross and the ACJS) decided to transfer to the GMFC their planning, budgeting and fund distribution activities. In 1975, it was replaced by Centraide, which was to be modeled on other United Way organizations in North America, and in particular distribute funds on the basis of social priorities rather than religious affiliation. The early years were difficult, but soon Centraide became the main private philanthropy in the Greater Montreal.

Centraide was a " special animal ", as a joint-venture of organizations which spread across different religions (Christian catholic, protestant and orthodox, and Jewish), and linguistic (especially French and English) groups. These groups had a history of mistrust and sometimes difficult relationships. Language was the important divide. Traditionally, Anglophone and Francophone montrealers did not see eye to eye. They competed for resources and power in all forums. Here, for the first time they had decided to cooperate, and do it first at the fund raising and solicitation stage, and then to increase and emphasize the community-centred volunteer work.

Therefore, from the beginning, Centraide became a special ground, a place where in contrast to past practices every group would attempt to cooperate rather than fight. Centraide managers soon found themselves in the middle of all the tensions that the complex and highly diverse communities of Greater Montreal generated. Clearly, to survive the new organization had to satisfy every group. There was first the fundraising, which had to be done in accordance with everyone's best wishes. Then there was the allocation of the resources to the various community organizations, which had to be equitable. There were also the relationships with the various communities and community-based organizations, which had to be close and considerate. There was finally the governance system and management of the newly created organization, which had to leave enough influence and power to the various groups.

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[2]   The United Red Feather (1921), The Federation of Catholic Community Services (1932), the Federation of French-Canadian Charities (1933), the Combined Health Association, The South Shore Welfare Federation Council (1965), which were later joined by the Allied Jewish Community Services (AJCS) of Montreal and the Canadian Red Cross Society.

In addition to these contextual factors, Centraide was also to be an efficient vehicle for raising funds and distributing them to the needy. This meant that the organization would have to be both modest in size, as far as permanent staff was concerned, and large and complex where volunteer work is taken into account.

The early years, until late in the 1970s, were essentially devoted to reproducing the fundraising practices of the previous charities and working to redistribute them according to the priorities of these charities. The mission statement up of 1966 and 1974 captured the essence of the organization :

- Raising funds (1966)
- Raising funds and allocating them according to priorities (1974)

In 1976, the pull toward the community-based work is reaffirmed. The organization is looking for a new legitimacy and for a definition that clearly delineates its emphasis on poverty reduction and social transformation. The priority commission affirms that " Centraide should become the crossroad of dynamic and committed communities ", and suggests that the allocation of resources should emphasize " supporting human communities, agencies and organizations, which are based on voluntary work, commitment and participation, to face their own problem and work toward resolving them and improving their standard of life ". In 1980, this was made official policy in the mission statement, which read as follows :

> *Centraide is a community-based organization whose purpose is to respond, through all the organizations that it supports, to important social problems, and to promote, stimulate and strengthen, in the Greater Montreal, the participation of the community as another way to respond to these problems. Centraide proposes a concrete response to this social project by inviting, every year, each citizen to contribute financially to a great campaign of public contributions, and by financing organizations and projects, based on participation and volunteer work, to respond in the most appropriate way to the pressing problems of our society.*

The 1980 mission statement is elaborate and defines Centraide's activities as a balance between fundraising and the promotion of community work. It confirms the strengthening of the organization, which now is able to gather increasing amounts of money every year ($ 9.8 million in 1977, and $ 13.3 million in 1982), to finance a large number of community organizations (92 in 1977, and 156 in 1982), and to mobilize a large number of volunteers (40,000 in 1982).

4.2.   The Community work pull

The managers of Centraide get all their motivation from the proximity to the community organizations that face the actual social problems within the community. They are led to a greater involvement in that side of the business. Both permanent employees and volunteers would not identify with the donors. Rather, they were attracted to the poignant fate of the poor and the needy.

They saw themselves as being at the service of those directly involved in relieving societal ills and pains.

In the 1980s, more research is done into social trends and a report is published in 1989. A more militant stance is adopted and Centraide files reports and briefs with several governmental commissions (on voluntary work, on municipalities, on mental health, on the financing of voluntary organizations, etc.). In 1984 a colloquium on voluntary work is organized. Finally, numerous initiatives are taken to get closer to the community-based organizations funded by Centraide. In particular, an annual conference is organized, an internal journal is distributed to all the Centraide network members, and Centraide becomes a militant social activist of the region, organizing thematic meetings, gathering support for various social services and programs, and joining forces with others to push for a socially responsible government and economic environment.

As a result, Centraide raises more money, engages more volunteers, and is popular among the citizens of the region. Notoriety research shows that at the end of the decade Centraide is spontaneously mentioned by over 50 % of the population, a jump of 20 percentage points from the beginning of the decade. The 1985 mission statement sums up the new nature of the organization :

> *Promoting, in the social domain, mutual support, sharing and community and volunteer commitment.*

Nowhere fundraising is mentioned, which highlights the organization's character during the period, and its imbalance. Pulled by its two main activities : fundraising and community work, Centraide has moved from a focus on raising money, with little concern about its uses, all the way to the uses of money and its attendant attention to community work, with little attention to fundraising. This will lead to the organization first major crisis.

4.3.   The 1990-1991 crisis

All throughout the 1980s, the President was Jacques Miltant[3]. A forceful intellectual mind, he believed in community and mutual support, and saw as his mission to make Centraide the best instrument for the development of a gentle, caring, and compassionate community in the Greater Montreal. But to achieve anything in Centraide, Jacques Miltant had to contend with a slow and aggravating decision-making process, in which volunteers and permanent staff debated endlessly. With time, he grew impatient with the need to consult. He " knew better than anybody else what needed to be done ", and had the support of many intellectuals and academics. He started forcing his decisions onto the delicate volunteer-based governance system of the organization, alienating key stakeholders, in particular the volunteers themselves and the community-based organizations. The estranged donors were also complaining that they were left out of the picture at Centraide. From being a universal table, Centraide was increasingly seen as an ideologically bent organization, dominated by social analyses and theoreticians.

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[3]   Name disguised.

The only way for him to control the system was to change the governance system or the people who were involved in it. He could do neither, and instead faced a dismissal vote in the Board. The whole organization was shaken to its foundations, but ultimately the community reclaimed the organization and board members indicated clearly their desire to balance the pulls between fund raising and community work. In addition, it was stated that Centraide was not really in the business of actually doing the community world.

5.   PRAGMATIC, CONSENSUS-BASED "SOFT CHANGE"

The new president, a woman engineer, Michelle Newsome[4], with an experience in public relations and politics, but who had never been involved in managing philanthropy, was chosen to bring a fresh no-nonsense perspective to the business of Centraide. Large donors were important to the organization and should not be scared away by militant, ideologically-minded behavior. Instead, the removal of the former president suggested that attention to fundraising, and an arm's length relationships with community-centred group were, at least implicitly, emphasized.

The new president was " coldly " welcomed to the organization. Professionals and managers alike could not comprehend how she could make sense of Centraide's business and manage it properly. They were resistant and unwilling to cooperate. Instead of dealing with the internal situation, she decided to focus on the external world, giving more visibility to Centraide and cajoling donors into giving more. Campaigns became the most important business of Centraide, and were managed so that corporations and important citizens of the Greater Montreal would be visibly involved. The campaign was a major public relations drive, involving a large number of volunteers (actually about 20,000), and positioning Centraide as a major player in the philanthropy business. As a result, Centraide's attractiveness for concerned citizens increased significantly. The number of corporate executives, professionals, union officials, opinion leaders, and common citizens involved in the campaign increased steadily as did the amounts of money collected.

The campaign became also the annual occasion for the communities's expression of concern for those in need, and a concrete moment of inter-group solidarity. During the two-month campaign, emotions run high, specific contributions, community work and in general all philanthropies gain added visibility on all the communication media. Centraide plays the match-maker role and tends to keep a low profile. This provides it with added credibility and legitimacy among all those concerned by the Greater Montreal social balance.

The emphasis on external stakeholders, especially donors, changed also the power relationships within. The campaign team grew in importance and presence, while the team in charge of fund allocation to the beneficiaries dwindled and was confined to generally bureaucratic procedures. The campaign expenses were twice those devoted to community analyses and fund allocation. But, that was not considered different from what other similar organizations did.

Campaign professionals were generally highly enthousiastic about Centraide, because they shared in the visibility and, in their job, were to work closely with Montreal's and Quebec's[5] key decision makers. They shared also in the objectives of the organization and felt proud to contribute to its development. In contrast, the Allocation professionals were depressed. They were frustrated to be doing the bureaucratic job, without a chance to play a more active role in helping community-based organizations achieve their poverty-related objectives.

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[4]   Name disguised.

[5]   The Provincial Government controlled the flow of funds and Quebec City was the political capital of the Province.

Centraide president was given the credit for this flurry of activity and for the related prestige and respect that Centraide enjoyed throughout the community and among all decision-makers, be they corporate executives, union officials and most politicians. Her power and influence among professionals and managers was in 2000 at its peak.

5.1.   The Campaign

Michelle Newsome expressed early in her tenure three basic principles : (1) involve as many stakeholders in the decision-making process as possible, (2) build bridges among people, and (3) keep a low profile, appear modest in the process. Centraide slowly developed an important ability to get very different people at the same table tackling Centraide's tasks. In particular, the Campaign process was revealing. The Campaign was formally under the control of a Cabinet, a group of high level executives from prominent firms, or public institutions of Greater Montreal. These executives were also key decision-makers for corporate donations.

In building the Cabinet, first there was the appointment, at the end of a yearly campaign, of the following year's campaign chairperson, generally a well-known business personality. The chairperson would in turn, with Centraide's guidance and help, do the hiring of most of the other cabinet members. The campaign would then become the Cabinet's responsibility. Centraide professionals provided the support and recording staff. Centraide also organized all the cabinet meetings and ensured that each cabinet member kept focused on his specific goals. Personal pride and the unusually high need for achievement of most executives led to a healthy level of interpersonal rivalry in achieving Centraide's set targets. In the ten years since her appointment, Michelle Newsome has never had any difficulty finding a campaign chairperson, and the campaign gross revenues kept growing, reaching $ 38 million in the Fall of 2001.

5.2.   Dialogue Tables

In the non-profit social organization world, there are many different interested actors, each with a different agenda and eager to move on it. Competing ideas and programs fight each other in a mostly chaotic field. Government agencies, which provide a large part of the funding to community organizations, are particularly heavy-handed. They pursue bureaucratic aims, which sometimes may be at odds, and rarely attempt to coordinate their interventions.

Centraide, on the other hand, sees itself as a helping hand to the community and in a generally pragmatic way tries to resolve problems as they emerge. It finds itself frequently in the position of building bridges among everyone involved. Because Centraide sees itself as being only the community instrument for getting the money to the needy, it does not have a specific social agenda, and is therefore seen as compatible by all the various interests groups. It has therefore become " the only table where everybody is willing to sit. "

Slowly, the process has been structured to include various dialogue tables, where broad questions could be discussed by all the actors concerned. For example, there are tables for each of the main social issues on which everybody agrees. At the tables, community organizations are brought

together with donors and sometimes with opinion leaders and concerned citizens, to suggest ways to deal with a specific issue, say youth ills and troubles, weakened families, or injured rights.

Sometimes, groups within society may be at odds, and Centraide is then put to the test by both sides. For example, rights of convicts groups are always at odds with police union concerns. Centraide is threatened on both sides, the police accusing it of giving to people who would then use funds to combat justice, the rights activists accusing it of selling off to the more powerful. On many of these conflicts, Centraide has worked at bringing the protagonists to the table, and looked for a solution with them. This may have led sometimes to abandoning one or the other of the concerns, but without the usual acrimony that comes with these conflicts, the losing party usually ending up understanding the situation of Centraide, and de facto accepting the judgment that comes out of the debate.

The results of a broad interview schedule, conducted by the researchers, with key opinion leaders including all the segments of the community, Centraide was widely seen as a " fair table ", and a necessary mediator among the multiple interests represented in the community. Everyone, including key national politicians, appreciated its low-key, " low-impact " interventions, and marvelled at the results. " It is a remarkable situation where the weakest gets everyone to do what they would not do otherwise ".

5.3.   Supporting the community organizations, not imposing upon them

There is a fine line between helping and imposing one's views on community organizations. As mentioned earlier, government agencies in particular provide significant amounts of money, but come with a clear agenda from government, frequently forcing cash-trapped organizations to do what they were not set up to do, and neglect their own objectives. The dominant philosophy at Centraide was that the community organization's objectives are the community's objectives and the best that they could do is help these organizations achieve them.

Yet, helping often goes along with imposing rules and procedures, and monitoring goal achievement, and in so doing the effects on community organizations can be counter-intuitive. The study of several community organizations shows that institutional theory is here at work ; they tend to deviate from their goals in trying to satisfy the donors requirements (Benouniche, 2000). More specifically, they spend much more time satisfying donors reporting and other requirements than caring for their targeted beneficiaries.

Centraide feels also dependent on its community organizations. Its credibility is related to its approval by these organizations. Furthermore, the donors look for real impact on poverty and social distress. The only way to satisfy them is to work hand in hand with the community organizations. The level of cooperation of these organizations with Centraide increases its ability to show impact, and legitimacy, to donors. In the last few years, many of these organizations participate actively to the annual campaign, organizing visits for donors and describing to large groups of individual and corporate donors their contribution to the relief of social ills. Still, the only way to reduce the burden on community organizations is to reduce the amount of paperwork

required and to train professionals dealing with them so that they do not willingly or unwillingly interfere with their operations.

But even that is hard to achieve. Centraide's professionals are highly visible individuals in the community. They tend to be well known among opinion leaders, and their dedication to community work is part of the system. Yet, they are used to the existing rules and procedures and relent when it comes to being more flexible and " serving " rather than " imposing ". It is very hard to impose upon them new behavior patterns. Persuasion is the central mechanism for getting things done. So, Centraide is also dependent on its professional's willingness to cooperate. This makes any change process very soft. The President must work to gain approval and commitment inside as well. But, if she does so, the dedication achieved among professionals is usually considerable, because no one is allowed by social norms to resist what is perceived to be the community's good.

In early 2001, Centraide was succeeding on all fronts. The support of business, government, academia, community leaders, and its own professionals, was very high. Even the objectives set ten years ago by the former president are being taken up, with everyone's support. In particular, Centraide is now getting prominent donors to get involved in understanding and solving the community problems, changing thus considerably the relationships among the system's components (donors, community organizations and Centraide). Very few organizations enjoy such a degree of control over their stakeholders, and this is done quite softly, leaving everyone in control of its own decision to support or not the organization.

6.   DISCUSSION, CONCEPTUALIZATION

In this section we discuss further what dependence means, why it is possible for an organization to achieve more and in general do better when it accepts its dependence on others and acts accordingly. Finally, we argue that the dependence-based management is more effective than the illusive search for independence.

6.1.   From extremes to balance

Before 1991, the President was emphasizing the social contribution aspect of Centraide's mission, and acted on the assumption that this was sufficient enough to allow him to move without clear approval from key stakeholders. He was actually acting on the premise that he was the only one legitimate in making the judgement as to what is appropriate for Centraide, and tried simply to impose his decisions to everyone concerned. This explains why most of the stakeholders allied against him and rejected his decisions. Therefore, we propose :

Proposition 1 :

In a philanthropy organization[6], top management emphasis on strategic decision content leads to crises and an inability to pursue the organization's objectives.

Starting in 1991, the new President was insecure on many counts. First, she did not know much about community work, nor about philanthropy. Second, she was not a professional manager. Finally, she knew very well that most of the various groups could bring her down, if they chose to do so. She was clearly aware of her total dependence on everyone's willingness to help her achieve the organization's goals.

The President moved first to get approval from the board of directors. This meant emphasizing the board's expressed concerns that the organization was moving away from its primary goal : fundraising. She worked with everyone to increase Centraide's ability to manage the Campaign. To gain acceptance, she needed to give the campaign back to donors' representatives. The Cabinet of the campaign, the leading group in the campaign, was chosen so that key business and public sector decision makers would dominate. Success of the campaign was presented to be their work. The organization of the campaign was such that everyone of the cabinet members was to be aware of what the others were doing and occasionally had to present his own program to the others. This created a healthy level of competition among cabinet members, but also instilled, in their decision-making behaviour, the important premise that Centraide's ability to help the poor and destitute was entirely dependent on their performance. All the decisions that they could make were inevitably in

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[6]   To stick with our research, we label Philanthropy organization, a non-profit organization which plays a pivotal intermediary role in a system aimed at bringing donor's contributions to bear on society's ills and help deal with them.

the direction of the campaign success. So, in practice, Centraide did not need to worry much about the campaign results, it became the cabinet's concern.

Once the campaign was on track to increasing success, managers became aware of the need to give more attention to community organizations. Centraide, as an organization, and Michelle Newsome in particular, were aware that unless organizations in the network were satisfied, they would go their own way for fundraising, raising doubts among donors about Centraide's legitimacy to speak for them. First, it was obvious that these organizations were quite fragile, and needed regular support. Second, it was clear that if they were constantly on the look for money, they would neglect their objectives. Centraide decided to commit to basic recurrent funding that would ensure survival of its network. The community organizations became the focus of much attention, and Centraide increasingly associated them to its decision-making process. They were also implicated in the effort to make the social problems of the community more visible, which they did with a lot of emotion and talent. This justifies the following propositions :

Proposition 2 :

Where philanthropy organization key stakeholders' representatives are brought into the decision process, and their interests balanced, their commitment to the organization's goals and survival increases.

Proposition 3 :

Balance among needs of donors and those of beneficiaries is a basic norm in the philanthropy system, which when transgressed can lead to confrontation among stakeholders, crises and to a drift away from a philanthropy organization's purposes.

6.2.   Reciprocal Institutional theory at work

Clearly, the behavior of Centraide was dominated by the President's sense of vulnerability or lack of it. The organization worked at understanding who was to be satisfied in its environment and why. The behavior of the organization was then shaped to achieve that. The preferences of key stakeholders were not really imbedded in specific institutional rules or norms. They were not even clearly expressed by these stakeholders. Centraide actually worked at creating the institutions that would both facilitate the clarification of norms and possibly shape them. The structure and operations of Centraide, in particular the Board, the Cabinet and their operations, as well as the various " dialogue tables ", constituted the institutional framework within which Centraide's behavior was defined, and controlled.

Proposition 4 :

The organizational structure arrangements of philanthropy reflect the various forces that come to bear on the successful accomplishment of its goals.

The important feature of this framework is that it was both designed and directly " managed " by Centraide. It is tempting for a President to feel all powerful and start actually managing " alone " the organization's strategic behavior. That is what happened during Jacques Miltant's tenure. During Michelle Newsome's tenure, the institution was managed in a more democratic way. Even if Centraide's influence on these institutions is important, it is accepted only if it is perceived to be legitimate, thus if it takes into account the various stakeholders' perspectives, and is seen as balancing them properly.

Centraide defines the parameters of its own actions, but it has to make sure that they are understood by key stakeholders and that their opinions and reservations are dealt with explicitly. In a sense, institutional theory works here in reverse. It is the focal organization that shapes the institutions and manages them (Giddens, 1987 ; Barley & Tolbert, 1997 ; Jepperson, 1991). It is apparently an unusual situation, but Centraide may be proposing that extreme dependence suggests another way of looking at the relationships with the existing institutional framework: A dependent organization is in the business of understanding better the forces that have a bearing on its actions, and design itself to fit right into these forces, to be part of them, and then have the legitimacy to guide their decisions as far as they apply to it.

Proposition 5 :

Philanthropy is dominated by norms and values of its environment's key actors. But in turn, given its central role in the decision making process, it has an important effect on how these norms and values are understood and how, over time, they are modified.

The forces that come to bear on Centraide are also unequal and imbalanced. The donors, for example, are clearly very visible and also very active. They are basically the " concerned society ", helping the " troubled society ". But Centraide has to work constantly for balancing the influences of the two parts. For example, the effectiveness of helping requires bringing to the table the groups and individuals being helped, and listening to them. In so doing, Centraide designs the premises of the decision making process of everyone in the system (Simon, 1945). Where Centraide went so far as to neglect the donors, as was the case in the early 1990s, it has lost its ability to act. Where it goes so far as to neglect the organizations being helped, as was the case occasionally, more specifically in the late 1990s, it loses the meaning of its own action and as consequence its legitimacy (Atangana-Abe, 2002). This has led to many community organizations and corporate donors by-passing Centraide to deal directly with each other, and in the process creating another sort of imbalance and injustice, by leading to the neglect of many less visible causes.

In this case, managing the institutional framework is a " soft management " issue. It is an attempt to " imitate " key stakeholders enough to acquire the right to act on their behalf, and organize their interventions and interactions into the business of Centraide. Soft management requires that this ability to act is constantly checked and adjusted. If Centraide is seen to manage away from the desires of stakeholders, resistance builds up and the support is quickly lost. Where management is led to " hard " managing the interventions and interactions of key stakeholders with Centraide's business, it loses quickly its legitimacy and ability to effect any strategic management and change.

Proposition 6 :

The norms and values that come to bear on philanthropy's decision are general enough to provide room for negotiation and reconciliation among competing claims.

6.3.   Managing the system

Centraide's management has " internalized " the organization's environment by structuring its governance system, so that all key stakeholders participate directly to decision-making. But in Simon's words (1945, 1997) « they have kept important control over the setting of premises. The control of premises is legitimate because of the need to maintain balance among all the claims. Where it is seen to be abused, it again loses legitimacy and leads to strong rejection by most stakeholders, as was the case in the 1990-1991 crises ».

The acute awareness and sensitivity to Centraide's total vulnerability led top managers to " enact" an environment so demanding that the only way to respond to its demands is to design the organization so that the environment is brought inside. They also designed a management system in which a constant attention to environmental forces is center stage, to ensure that no important factors are overlooked that may pull the organization apart. For example, in recent years, many corporate donors have been tempted to " go direct " or demand that their donations be " designated " to meet a specific need or to be given to a specific community organization. To respond to the trend, Centraide is in the process of redesigning itself completely so as to make more visible the community organizations and the causes financed. It is also emphasizing its relationship with these organizations to be able to conduct " impact measurement " and " project financing ". The latter can be offered also as a partial alternative to traditional financing of community organizations. It will help bring many of the latter together to increase territorial identification and address important issues that are beyond smaller organizations capabilities. Project financing is also attractive to corporate and employee group donors who want to assess the impact of their contributions, and identify with specific needs. Which explains that :

Proposition 7 :

The governance system of philanthropy reflects the nature and the state of the environmental forces that come to bear on its decisions.

We propose that it is because this sense of vulnerability permeates all the organization's activities that Centraide's managers are able to keep their vigilant watch over their key stakeholders' need changes. With this in mind, the propositions stated earlier are offered to suggest the process by which philanthropy's managers handle the dependency of their organization and their control over the forces that are supposed to dominate their decisions. These propositions can be used as a basis for a large sample research.

CONCLUDING COMMENTS

The search for autonomy is an important tenet of strategic decision-making. Dependence is often seen as crippling the managers' ability to position the organization in its environment or to navigate within such an environment. The environment is generally seen as deterministic. Organization and strategic management theorists (Pfeffer and Salancik, 1978) generally recommend gaining power over the environment to balance dependence. Fit then is mostly seen as a balance of power (Miller, 1981). Given their almost total dependence on donors, community organizations, volunteers, opinion leaders and most other stakeholders, non-profit organization, especially those that have a bridging role like Centraide would appear completely unable to function.

The history of Centraide shows that the environment is not completely distinct from the organization. It can be "internalized". Centraide manages the interplay of the various stakeholders and structure itself to make this interplay an internal affair. The acute sense of vulnerability of its leadership has led to the building of an institutional setting in which the organization plays a leading role. This role is however constantly put to the test. Any attempt to overlook the contributions of stakeholders is dangerous.

There is no question that there is dependence and it is considerable. But attention to stakeholders' needs leads to organizational and managerial practices that can make out of dependence strength. It helps bring in all the stakeholders and internalize their demands. In a sense, it is designing the decision-making process so that Centraide has control over the premises, leaving everyone else to come up with specific decisions (Simon, 1983, 1997). In so doing Centraide increases the rationality of its system, and reduces confrontation with its key stakeholders.

In Centraide's system change becomes necessarily a soft issue, in which all stakeholders debate and give shape to what the organization should be. Top management is in the business of managing the interactions and ensuring that the need for balance is legitimate and accepted by everyone concerned. In the last decade of the 20th Century, they have succeeded in maintaining everyone's cooperation, despite undertaking fundamental changes.

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Table 1 :
Research Informants

TYPE	NUMBER OF PEOPLE INTERVIEWED & FORMAT	DETAILS ABOUT INTERVIEWEES
Board	11* individual interviews	3 corporate executives 1 major donor 1 city official 1 union official 3 experienced volunteers 1 Church pastor Centraide President
Opinion leaders	48* individual interviews	Political leaders (4) Union leaders (5) Community leaders (17) Corporate executives (12) Intellectuals and thinkers(10)
Top management	5* individual interviews	President and direct reports
Middle management	6 individual interviews	Second level managers
Professionals	35 of which 15 individual Interviews and 4 group interviews	7 working on Allocations 19 working on Campaign 9 others
Community organizations	65 individual interviews	Top managers (13) Volunteers (34) Board members (7) Staff (13)

*   Board members were all considered opinion leaders and are thus included in that category too. The president is also included in the top management.