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978-0-521-19838-7 - Advocacy Organizations and Collective Action

Edited by Aseem Prakash and Mary Kay Gugerty

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# 1 Advocacy organizations and collective action: an introduction

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*Aseem Prakash and Mary Kay Gugerty*

The volume outlines a new agenda for the study of advocacy organizations, which are often known as non-governmental organizations (NGOs) and social movement organizations. Instead of viewing advocacy NGOs as actors that are primarily motivated by principled beliefs, immune from collective action challenges, and prone to collaborating with other advocacy actors, we suggest modeling NGOs as collective actors that seek to fulfill both normative concerns and instrumental incentives, face collective action problems, and compete as well as collaborate with other advocacy actors that function in the same issue area. Because advocacy NGOs and firms share important characteristics (notwithstanding their differences), the firm analogy, we suggest, is an analytically useful way of studying advocacy actors.

The collective action perspective provides a unifying analytical approach to the study of advocacy NGOs and firms (as well as governments) because it directs attention to the core challenges inherent in structuring and managing collective actors. This approach suggests the need to move beyond viewing NGOs as “saints” and firms as “sinners.” Indeed, the study of how and why hierarchies, networks, and alliances arise and are maintained in the context of firms can illuminate issues such as how advocacy NGOs and their networks emerge, how they internally organize, and how they strategize. We agree with Thomas Risse (this volume) that scholars interested in examining the structures, policies, and strategies of firms and their networks can derive useful insights from studying advocacy NGOs.

The term “advocacy” suggests systematic efforts (as opposed to sporadic outbursts) by actors that seek to further specific policy goals. Advocacy is integral to politics and not restricted to any particular policy domain. It could pertain to environmental protection, labor issues, healthcare issues, religion, democracy, shareholders’ rights, and so on. The targets

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of advocacy, the actors against whom claims are made, could be governments, businesses, or other advocacy organizations. While advocacy NGOs tend to be prominent and visible in democratic societies that allow freedom of speech and association, advocacy takes place in less democratic settings as well, although the channels and the organizations behind advocacy might differ.

This volume focuses on collective actors involved in public advocacy. We agree with Olson (1965) that Truman's (1951) argument that organized groups emerge in response to shared grievances ignores the supply side of collective action. While the current tendency in the NGO literature to repose faith in shared norms (rather than shared grievances) to solve supply-side issues is problematic, we also argue that discussions about advocacy need to move beyond the traditional Olsonian concerns about selective benefits, group size, and privileged groups. If organizations emerge in response to either shared norms or shared grievances, under what conditions and via what mechanisms do they sustain themselves once these issues become less salient in public discourse? How do they organize internally? Why do they choose specific advocacy strategies? Why do they sometimes collaborate, sometimes compete with other advocates? How do they reinvent themselves to respond to "normal" politics? These are the sorts of questions we think the advocacy literature should systematically examine and we argue that systematic attention to problems of collective action and agency dilemmas can illuminate aspects of NGO behavior that are not well explained by the existing literature.

Most advocacy activity tends to be undertaken by organized actors. Hence, instead of focusing on advocacy campaigns or advocacy (social) movements, our unit of analysis is the advocacy organization.<sup>1</sup> These could be professional organizations consisting of salaried employees with established organizational infrastructures or volunteer organizations representing sustained collective action by non-salaried actors. The broader point is that advocacy needs to be recognized as a collective endeavor and advocacy NGOs viewed as collective actors.

We draw on the interest group literature that has examined the challenges in mobilizing individuals for collective action (Olson, 1965; Salisbury, 1969; Walker, 1983; Baumgartner and Leech, 1998; Kollman, 1998; Jordan, Halpin, and Maloney, 2004). This literature identifies several explanations for collective action in groups that are neither small nor

<sup>1</sup> We make a distinction between non-governmental organizations formed primarily for service delivery, which we term nonprofits, and advocacy NGOs which we conceive as being formed largely for the purposes of policy advocacy. This volume focuses on the latter only.

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“privileged” in the Olsonian sense including the provision of purposive and solidarity benefits for members (Clark and Wilson, 1961), exchange theory focused on benefits derived by collective action entrepreneurs (Salisbury, 1969), and the tendency of individuals to overestimate the impact of their contributions (Moe, 1980). Baumgartner and Leech’s (1998) excellent review notes that the majority of interest groups in the United States are in fact professional associations that formed originally for non-political purposes, provide “selective incentives” to members in exchange for resources, and then use excess capacity to engage in lobbying activities. While building on the contributions of the interest group literature, we pay more attention to advocacy strategies and how the broader institutional context, domestic as well as international, affects the demand for and the supply of advocacy. We focus on both cooperation and competition for resources and media visibility among groups with similar objectives.

We view advocacy NGOs as special types of firms which function in policy markets (see also Salisbury, 1969; Jordan and Maloney, 1997; Bosso, 2003). These markets vary in terms of entry and exit barriers, as well as levels of competition, all of which provide organizations with the opportunity to supply distinct products to well-defined constituencies (see Bloodgood and Bob, both in this volume). The structure of policy markets provides opportunities for competition and collaboration. Instead of lobbying alone to promote human rights, individuals might create, support, or join a human rights advocacy NGO. Or, instead of agitating by themselves against child labor, individuals might join or support an advocacy NGO agitating on this issue. Thus, the study of collective action via firms can be instructive because individuals, via advocacy NGOs, make choices which are analytically similar to the ones shareholders make in the context of firms regarding the collective organization of their social, political, and economic activities. If conceptualized in this way, interesting theoretical possibilities emerge that help us to systematically study both the demand for and the supply of advocacy. We believe this helps us to uncover new questions in the study of advocacy, and respond to existing questions in ways that are more compelling than (and, in some ways, complementary to, as Risse suggests in Chapter 11) what the extant NGO politics literature provides.

NGO politics is a well-studied topic in political science as well as in sociology through the study of social movements. These literatures have documented hundreds of cases where advocacy actors have successfully influenced public policy and, in some cases, business policies (McAdam, McCarthy, and Zald, 1996; Keck and Sikkink, 1998; Tarrow, 1998; Berry, 1999). By and large, these scholars have focused on advocacy *campaigns* rather than advocacy *organizations* – the point of departure for

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this book.<sup>2</sup> Consequently, this rich empirical material is less helpful in explaining variations in advocacy strategies, funding strategies, and organizational structures across advocacy NGOs, and within a given organization across its organizational life cycle.

Even in the context of advocacy campaigns, the existing NGO literature has the tendency to study small subsets of the NGO population and neglect collective action issues inherent in any collective endeavor. Consequently, this literature is less focused on theoretical questions that bear upon NGOs' emergence (why, where, and when), internal organization (agency and accountability), and organizational strategies (funding and advocacy), and the relationship between emergence, structure, and strategy. The focus on advocacy campaigns, rather than organizations, leads scholars away from examining the tradeoffs facing individual organizations on issues such as what types and quantities of resources they will contribute to particular campaigns and the conflicts in agreeing on inter-organizational structures for advocacy networks. In other words, existing literature tends to focus on harmony within networks based on the implicit assumption that common normative goals tend to dominate over the interests of individual organizations. We do not share this view of the world as being populated by either saints (with principled beliefs) or sinners (following instrumental concerns). We believe that while NGO actions are certainly informed by (liberal) normative concerns, NGOs also pay close attention to instrumental concerns that bear upon organizational survival and growth.<sup>3</sup> They deploy resources in strategic ways and compete and cooperate with other "firms" in the same industry.

Our perspective is novel because much of the existing NGO literature (especially in political science) finds few commonalities between firms and NGOs.<sup>4</sup> Keck and Sikkink (1998), probably *the* leading authority on

<sup>2</sup> Exceptions include Bosso (2003) and Grossman (2006), who study environmental advocacy organizations. Khagram (2004) differentiates advocacy organizations, coalitions, networks, and movements from campaigns. In the social movement tradition, some scholars study social movement organizations, as opposed to social movements *per se* (McCarthy and Zald, 1977; Soule and King, 2008).

<sup>3</sup> While some political scientists have sought to challenge Putnam's portrayal of the civil society (Berman, 1997; Chambers and Kopstein, 2001), following Keck and Sikkink (1998) much of the recent literature, especially in international relations, seems to study advocacy groups which profess "good" liberal concerns. In contrast, the social movement literature in sociology examines "bad" counter movements alongside "good" social movements (Lo, 1982). As a result, unlike political science NGO literature, "norms" tend not to do the heavy lifting in explaining the strategies and structures of social movement organizations.

<sup>4</sup> While social movement literature tends to follow the dominant narrative of "contentious politics" (Tarrow, 2001), some scholars recognize similarities between NGOs and firms (McCarthy and Zald, 1977; Soule and King, 2008).

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NGO advocacy, assert that NGOs, or participants in transnational advocacy networks, are not like firms because of “the centrality of principled beliefs or values in motivating their formations” (1998: 1). Recall that David Truman (1951) has asserted the centrality of shared grievances in the formation of interest groups. While they do not employ the language of demand and supply, arguably, for Keck and Sikkink, principled beliefs explain both the demand side (Who demands collective action?) as well as the supply side of the story (Who is willing to incur the costs of supplying advocacy?). Further, very much like Olson, they do not provide any theory to explain variations in the organization of advocacy actors.

At a more fundamental level, the assertion that firms emerge in response to instrumental concerns while NGOs emerge as a consequence of principled beliefs is empirically problematic, simply because instrumental concerns also shape why NGOs emerge, what objectives they pursue, and what strategies they employ (Sell and Prakash, 2004). NGO scholars might counter that the objectives NGOs pursue translate into policies that create predominantly non-excludable benefits that accrue largely to non-members. Firms, in contrast, pursue policies that benefit their shareholders only. Hence, the instrumental objectives pursued by NGOs are qualitatively of a different type (they are more altruistic) than the ones pursued by firms.

On the face of it, this seems a reasonable statement. However, on probing deeper, one can identify its problematic assertions. While NGOs may not generate or distribute profits or surplus to their principals (the so-called non-distribution constraint), they often serve well-defined constituencies and create excludable benefits for them (Sell and Prakash, 2004). Consider the case of labor unions which are identified as NGOs (components of transnational networks) by Keck and Sikkink (1998). Unions agitate for excludable benefits for their members – their vociferous campaign for taxpayer-funded bailout for automobile companies is a recent example ([www.uaw.org](http://www.uaw.org)). On less visible issues, unions often oppose imports, outsourcing, and/or the use of non-union labor. Again, the objective is to protect the “rents” (compensation above the opportunity costs) accruing to their members. It is a stretch to claim that unions are guided by “principled beliefs” and not “instrumental concerns.”

Even NGOs that do not explicitly pursue material goals often have well-defined constituencies that reap other types of excludable benefits (see Barakso, this volume). Broadly speaking, NGOs (and firms) can be viewed as seeking to secure three types of benefits for their constituents: material, purposive/expressive, and solidary (Clark and Wilson, 1961; Salisbury, 1969). Material benefits are the sort of instrumental benefits we identified above – profits, jobs, pensions, subsidies, etc. One can think of

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advocacy groups ranging from the American Association for Retired People to the American Medical Association pursuing such benefits.

Expressive benefits accrue when the organization champions the values of their constituents. Many individuals believe that their world-views are superior and want to shape the society in their preferred image. A problem arises when multiple individuals make assumptions about the superiority of their world-views and those views conflict. Hence, there are culture “wars.” Advocating alone, these individuals might find it difficult to influence public policy and might consider collective action via advocacy organizations to be more effective. Or, they may want their views to shape public policy but would rather have somebody else do the heavy lifting. So, they outsource their work to professional advocates and become passive members of the group. Advocacy groups such as the Family Research Council and the Sierra Club seek to create expressive benefits for their constituents; and these are the sort of benefits which these constituents working alone would find it difficult to produce efficiently.

Solidary benefits accrue to group constituents by associating with the organization or its mission. These include socialization, status, and identification. These often have the characteristics of excludable club goods which are non-rival among members but excludable to outsiders. Rotary Clubs and the Veterans of Foreign Wars are illustrative examples of groups seeking to create solidarity benefits.

All of this suggests that the variety of organizations subsumed under the term advocacy organization are motivated by multiple agendas and concerns, some of them ideological and some more instrumental. We therefore contend that advocacy NGOs and firms share more commonalities at the level of organizational motivations and strategies than the existing NGO literature recognizes. The neoclassical economics version of the theory of the firm is based upon a specific understanding of collective action and the conditions under which individuals might cooperate to pursue common goals. Individuals pursue collective action because they believe that by pooling resources and coordinating strategies with like-minded actors they can achieve certain goals more efficiently. Advocacy organizations, like firms, are institutions that embody a set of contracts between principals and agents whose interactions are governed by a system of consolidated control rather than decentralized exchange. While firms and advocacy organizations are non-governmental actors with many analytical similarities, we recognize that they differ in important ways. Unlike firms, advocacy organizations do not have owners with a claim to the residual earnings of the organization. In fact, they often have multiple principals and suffer from the multiple-principal problem.

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Furthermore, to align managerial incentives with the organizational objectives, the numerous principals cannot promise a part of the residual to NGO managers, even though NGOs (particularly those involved in service-delivery as well as advocacy) may generate profits. The absence of a common metric to evaluate the performance of NGOs, and the absence of a market for mergers and acquisitions, further compound agency problems in NGOs (Johnson and Prakash, 2007). Yet, with varying levels of success, advocacy NGOs have found ways to curb agency abuse and mobilize their internal competencies to pursue advocacy objectives. While norms and common ideals can bring together and motivate individuals for collective purposes in NGOs, there is an inadequate appreciation in the literature of the role that individual-level benefits might play in such endeavors.

This book recognizes that advocacy organizations (1) function in competitive policy markets and therefore adopt firm-like characteristics because of structural imperatives (2) like firms, are guided by normative and instrumental concerns, and (3) are committed to organizational survival and growth. As the above discussion suggests, a careful appreciation of the similarities and differences between NGOs and firms can help scholars to employ insights from neoclassical theories of firms to explore the organization and functioning of advocacy NGOs and inform knotty management and policy concerns on NGO accountability, evaluation, and governance.

### **Institutional emergence and boundaries**

Why do advocacy organizations arise? Why do we see varying populations in different sectors? What factors influence varying organizational size in terms of the membership, employees, and budgets of advocacy NGOs? One might argue that advocacy NGOs can arise in response to market and government failures, an explanation that is offered in the context of service delivery NGOs (Hansmann, 1980; Weisbrod, 1991). Since the time of Pigou (1960), scholars have suggested that governmental interventions can correct market failures. Because profit-seeking actors have incentives to externalize costs, governmental intervention may be necessary to compel these actors to internalize such costs (but see Coase, 1960; Ostrom, 1990). However, like firms, governments are also subject to failures for a variety of reasons (Wolf, 1979), including a lack of information about the policy problem, lack of appropriate policy instruments to correct the problem, bureaucratic incompetence, etc. Politicians and bureaucrats also have specific personal objectives and may use governmental instrumentalities to fulfill their own objectives instead of pursuing the broader

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public interest. Government capture by interest groups, including advocacy organizations, can accentuate governmental failures. Pluralists might suggest that advocacy groups may then arise in order to pressure or persuade governments to fulfill their public obligations.

Advocacy may also arise in response to preference heterogeneities among citizens that impede governments from satisfying every interest, even where governments are acting in the broader public interest. Citizens may therefore try to pressure governments via exit or by exercising voice via advocacy organizations. This also suggests that advocacy for one objective can potentially crowd out the advocacy claims put forth for some other issue area. Advocacy NGOs compete with actors that oppose their claims, with actors that advocate other claims, and with organizations that stake out the same territory and compete directly for the attention of policymakers, publics and donors.

The above explanations highlight the demand side of advocacy. The supply aspects are equally important. After all, even where the motivation for advocacy is clear, individuals must still find ways to organize themselves for the supply of collective advocacy. Collective action is the study of the conditions under which individuals might cooperate to pursue common goals. Individuals pursue collective action because they believe that pooling resources and coordinating strategies with like-minded actors can achieve certain goals more efficiently. Since Olson's (1965) seminal work, it is well recognized that free riding, among other things, impedes the supply of collective action when actors want to reap the benefit of collective action without bearing the costs.

As an institution, a firm exemplifies conscious and voluntary decisions by actors regarding the rule structures that will govern collective economic activity. Neoclassical theories of the firm provide a clear exposition of the challenges in the supply of collective action. As an institutional response to market failures, the firm replaces decentralized, anonymous market exchanges with structured, hierarchical exchanges (Coase, 1937; Williamson, 1985). Moreover, theories of the firm have provided valuable insights into principal–agency issues (Berle and Means, 1932) and the institutional arrangements that might mitigate them. Indeed, very much like firms, advocacy NGOs can be modeled as agents working on behalf of specific principals to accomplish specific economic, political, and social goals. As we discuss later, agency issues can also be expected to influence the organizational structures as well as organizational strategies of advocacy NGOs.

Coase (1937) introduced the notion of transaction costs and argued that firms would arise under conditions of complexity and uncertainty, when the transaction costs of developing multiple market contracts could



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be reduced by vertical integration of the means of production under one owner. Williamson (1985) provided more clarity on why firms (as hierarchies) arise and how they are organized. He linked the emergence of transaction costs in decentralized exchanges to asset specificity under conditions of bounded rationality and opportunism. Given the difficulties of writing contracts to cover all contingencies, he hypothesized that the “make or buy” decision – a firm’s dilemma about whether to make its own inputs or to outsource the production to another firm – is contingent on the level of specificity entailed in a transaction: the greater the asset specificity and resulting level of necessary investment, the greater is the likelihood that the transaction would be undertaken within the firm’s internal hierarchy. Williamson’s logic provided a falsifiable hypothesis to predict the boundary of any firm and why make–buy decisions vary across firms and industries.<sup>5</sup> Scholars have used this logic to study the structure of the firm and membership in business alliances and networks (Dyer, 1996).

The issue of subcontracting-induced opportunism (the so-called “hold-up” problem) is less relevant for the study of advocacy NGOs than for firms. However, the broader issue of opportunism is quite relevant to organizational structure and strategies in formal advocacy organizations. The literature on nonprofit organizations (as opposed to advocacy NGOs) has long recognized that nonprofits are subject to collective action dilemmas of their own (Prakash and Gugerty, 2010). The non-distribution constraint may not fully prevent opportunistic behavior since it provides only a “negative” protection against potential malfeasance, rather than providing positive incentives for managerial performance (Ben-Nur and Gui, 2003; Gugerty and Prakash, 2010). In the case of advocacy organizations, we might hypothesize that formal advocacy organizations with employees are more likely to arise in complicated issue areas that require investments to develop substantial expertise, or on issues that are transnational in nature, where high levels of uncertainty and information asymmetry make it difficult to create contracts covering all contingencies.

While the dominant, neoclassical perspective on the emergence of firms focuses on transaction cost issues, some scholars suggest a transaction-cost-based efficiency considerations alone provide under-specified explanations. While firms might emerge to economize on costs of labor’s opportunism, it is not clear how hierarchies (as opposed to arm’s length contracting) suffice to mitigate managers’ opportunism versus labor,

<sup>5</sup> For a recent survey of empirical research on transaction cost economics, see Macher and Richman (2008).

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hierarchical failure as Miller (1992) puts it.<sup>6</sup> These scholars suggest that firms should not be viewed as emerging simply to mitigate market failures; leaders play a crucial role in their emergence and policies (Barnard, 1938; Prakash, 2000),<sup>7</sup> a theme also emphasized in organizational theory (Luthans, 1995). The argument is that leaders can build a shared vision and consensus, thereby reducing the costs of organizing collective action. Indeed, the literature on political entrepreneurship suggests the crucial role of leaders in organizing collective action in political arenas (Schneider and Teske, 1992). Thus, in addition to transaction cost issues, this volume urges careful attention to the role of leaders in the emergence and sustenance of advocacy organizations (Salisbury, 1969; Young, this volume).

### Organizational structures

It is critical to appreciate that while NGOs are “institutions” in the sense of being rule systems, they also constitute “organizations” in terms of being physical entities with personnel, budgets, and offices. To coordinate the activities of their advocacy work-force, most established advocacy NGOs tend to have formal structures with clear job descriptions, similar to the ones displayed by multidivisional firms. A quick look at Amnesty International’s website ([web.amnesty.org/jobs](http://web.amnesty.org/jobs)) reveals the “job opportunities” available at this organization. As of October 6, 2007, Amnesty was recruiting for an “Adviser on International Organizations” for the International Law and Organizations, a researcher for the Middle East and North Africa Program, a consultant for developing a system to record information on individuals, and so on. Thus, the preeminent human rights advocacy NGO seems to be organized like other bureaucracies (and hierarchies), in which individuals have job descriptions, are located in specific divisions, and are subjected to rules and regulations of the organization.<sup>8</sup> How do such bureaucracies identify what to advocate and then organize advocacy campaigns? Can the study of for-profit bureaucracies illuminate our understanding of NGO advocacy bureaucracies?

<sup>6</sup> Miller (1992) suggests that to manage hierarchical failure, firms try to homogenize preferences and instill common organizational cultures.

<sup>7</sup> Oliver Williamson (1990) has edited a very interesting volume which examines Barnard’s seminal contributions to organizational theory.

<sup>8</sup> While the compensation offered by Amnesty might seem low relative to that offered by firms, one must remember that most firms tend to operate on a small scale and do not compensate their employees well. Further, before comparing compensation in large NGOs and large firms, one needs to account for self-selection issues: the compensation of a typical employee is often linked to factors such as her educational attainment and prior experience.