

Advocacy organizations, networks, and the firm analogy

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1. Introduction

Transnational non-governmental organizations (TNGOs)² in general, and advocacy groups in particular, have gained considerable visibility and influence in global affairs. Since its creation in 1961, Amnesty International has become an authority on human rights issues around the world. Oxfam, Greenpeace, and Doctors Without Borders have gained a similar status on global issues related to development, the environment and humanitarian relief, respectively. As these organizations have become significant players in global affairs, scholars across a variety of academic fields have begun to analyze the power of transnational advocacy organizations and their networks (Keck and Sikkink 1998). The majority of early studies in the academic field of international relations viewed advocacy organizations as altruistic actors seeking to advance universally accepted principles. More recent scholarship responding to the principled advocacy literature has argued that TNGOs are better understood as interest-driven actors motivated primarily by the imperative of organizational survival in a competitive environment (Bob 2005; Cooley and Ron 2002; Ron *et al.* 2005).

In this chapter, we take a different approach to the study of advocacy organizations by inquiring into the nature of transnational advocacy itself as well as its organization as a collective endeavor at both the level of individual organizations and the level of networks. To answer questions about the role of advocacy in contemporary transnational activism, we rely on

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² 'Transnational' and 'NGOs' have become conventional terms widely used in the academic literature, although activists frequently reject those terms and prefer 'international' and 'civil society organization.' For the purpose of this chapter, we will use the term 'advocacy organization' to distinguish this sub-set of transnational activism from more service-oriented organizations (e.g., CARE and World Vision).

evidence collected from of a large-scale study based on 152 interviews with leaders of transnational non-governmental organizations (TNGOs) registered in the United States.³

This chapter engages the issue of “international advocacy and market structures” and explores how TNGO leaders define advocacy and understand the role of collaborations in advancing their goals. Understanding how leaders perceive of their advocacy efforts as well as take part in collaborations as part of transnational networks provides a fresh look illuminating the organizational and strategic choices within the TNGO sector.⁴ By providing insights into how TNGO leaders perceive the advantages and challenges of cross-sectoral coalition-building, we complement Maryann Barakso’s contribution and its focus on how brand identity may shape the likelihood of individual organizations to enter into partnerships and coalitions. We also agree with McGhee Young’s concern for how advocacy groups innovate as a result of facing competition from other groups. We add to their insights by providing a detailed account of how TNGO leaders’ perceptions about the boundaries of their organizations change as they discuss the role that networks and partnerships play in advancing shared goals.

It is useful to separate the question of how advocacy organizations emerge from questions about their subsequent growth and survival as well as choices of strategies. The first question asks how and why advocacy organizations are initially formed, and indeed, a collective action perspective provides compelling insights into many of the obstacles associated with organizational creation (Johnson and Prakash 2007). In this chapter, we take the existence of advocacy organizations for granted and ask in what ways the firm analogy can help us better understand their behavior once formed. We explore this question with regard to how advocacy groups define their goals and activities and in what ways they pursue partnerships in efforts to further their objectives.

This chapter is organized as follows. The next section provides a brief overview of the interview study and its methodology. Subsequently, we present two main empirical sections. The first main section examines the extent of instrumental and principled reasoning among TNGO

³ A number of earlier large-N studies have focused primarily on TNGOs in the environmental and human rights areas (Dalton *et al.* 2003; Rohrschneider and Dalton 2002; Smith *et al.* 1998).

⁴ A similar logic is expressed when Michael Barnett and Martha Finnemore argue with regard to intergovernmental organizations (IOs) that “we can better understand what IOs *do* if we better understand what IOs *are*,” (Barnett and Finnemore 2004: 9).

leaders and further explores the empirical and analytical bases for applying the firm perspective specifically to advocacy organizations. Our data support the view presented in the introductory chapter that advocacy organizations are driven by both a principled regard for mission accomplishment and a highly salient concern for organizational growth and survival. Rejecting the dichotomous view prevalent in the literature, we hold that TNGOs, including advocacy organizations, are dynamically constrained impact-maximizers (Mitchell and Schmitz 2009). In this view, financial concerns represent a significant *constraint*, rather than a competing *goal* with regard to the principles embodied in the overall mission of an organization. Most scholarship ascribing to purely principled or self-interested views fails to take into account the long-term behavior of organizations continuously balancing both concerns.

Beyond a discussion of the general motives of TNGOs, we also investigated a basic premise of this volume by searching for a subset of TNGOs in the sample that could accurately be described as advocacy organizations. Using cluster analysis, we found that such a distinct group exists. However, the analysis also discovered a significant difference between advocacy and public education organizations that has implications for the collective action problem. Additionally, advocacy organizations represent a relatively small proportion of TNGOs and most organizations employ highly heterodox strategies including “rights-based approaches” in which advocacy is combined with a range of other methods. If there is indeed a particular subset of TNGOs for which the use of the firm analogy is particularly appropriate, it is conventional service delivery, not advocacy organizations. Taken together, these results question the applicability of the firm analogy specifically to advocacy organizations and suggest that the relevant scope conditions should be clearly enumerated and justified. Building on this analysis of the TNGO sector, we then turn to questions of how advocacy is produced in networks and other collaborative arrangements.

The second main section discusses how TNGO leaders understand the benefits and challenges of collaboration in partnerships and coalitions. As an empirical matter, advocacy groups regularly form networks to increase their collective leverage, organizing in an alternative form to bounded hierarchies in a market context. While such networks are certainly not free of conflicts and power inequalities mimicking hierarchical relationships (Bob 2005; Jordan and Van Tuijl 2000; Keck and Sikkink 1998: 16), we find evidence that advocacy organizations regularly

form non-hierarchical relationships as a core component of their strategies. We recognize that such coalitions do not emerge naturally based on shared principles alone, and acknowledge that specific opportunities and challenges influence the likelihood of their formation and maintenance. The ubiquitous nature of these networks leads to the question of organizational boundaries in a collective action perspective. We show that TNGO activities are often better understood when the level of analysis is shifted from the organization to the networks they form. We draw upon the theory of the firm literature, including transaction costs and asset specificity, to examine the behavior of TNGOs in choosing partnerships and forming coalitions. We also find that advocacy organizations have significant latitude in demonstrating to donors that their efforts are effective, which can be usefully understood within a principal-agent framework. Advocacy organizations usually specialize in highly segmented markets, attracting donors interested in their specific “products” (e.g., anti-slavery, biodiversity, etc.). To the extent that advocacy markets are naturally segmented, competitive pressures are mitigated.

2. The Transnational NGO study

Our researchers interviewed leaders from a sample of 152 transnational NGOs drawn from a population of 299 US-registered international not-for-profits rated by Charity Navigator (www.charitynavigator.org) in 2004/2005. The Charity Navigator database was chosen because it provides financial efficiency and financial capacity ratings for each organization which we used to construct a stratified sample. The population was delimited in order to capture only those organizations widely considered to be TNGOs. The interviews were recorded, transcribed and coded to enable statistical analysis.⁵

Our approach privileges leadership perspectives. This choice was deliberate and addresses a gap in the existing literature on advocacy groups which rarely explores how organizational characteristics are linked to strategic choices and outcomes. While our interview data reflect respondents’ subjective understandings, we took a number of measures to enhance candor. First, interviewees were assured that their responses would be kept strictly confidential.

⁵ Information about the project, including the codebook, interview protocol and a detailed description of the research design and implementation, is available on the Transnational NGO Initiative’s website (www.maxwell.syr.edu/moynihan_tngo.aspx).

Second, the team members conducting the interviews assessed the candor of respondents in their debriefing notes written shortly after the interviews, which suggest high levels of candor. Also, most respondents exceeded their original time commitments during the actual interviews, indicating a sincere interest in the results of this study. Third, our interview transcripts contain many lengthy and forthright discussions of highly sensitive issues, indicating prima facie candor. We have also organized numerous follow-up workshops with TNGO leaders, which centered on the more sensitive issues related to TNGO governance and accountability. We found in these conversations that organizations face different challenges depending on their size and main activities, but we also found remarkable consistency with regard to what TNGO leaders perceive to be key financial and operational challenges. Finally, the majority of the questions in the protocol do not lend themselves to overt manipulation because they solicit information (e.g., how frequently do you communicate with field offices?) or simply probed leaders' understandings of concepts such as collaboration, accountability, effectiveness and leadership. Whenever we asked leaders to assess the performance of their own organizations, their answers clustered toward the high end of the range of scores we offered. However, the results presented here are based on responses to questions for which leaders had little incentive to foster false perceptions of their own organizations or the sector overall.

3. TNGOs and advocacy

This section examines the empirical basis underlying the focus on advocacy organizations and explores how leaders of TNGOs define their goals and strategies to include advocacy. While many transnational groups engage in some form of advocacy, they do so with different emphases and objectives. The TNGO literature tends to generalize from the principled character of advocacy networks and views advocacy in terms of pursuing policy change. Our interviews offer a more complex picture of advocacy organizations. TNGOs vary in the extent to which they employ advocacy techniques and many eschew the label advocacy in favor of less loaded terms, especially public education. Meanwhile many traditional service delivery organizations in the relief and development sector have recently expanded their advocacy efforts

and have become much more open to collaborations and partnerships designed to create social and political change complementing their development efforts.

Relief and development TNGOs are increasingly “going global” (Lindenberg and Bryant 2001) and the expansion of advocacy strategies among such groups signals a decreasing emphasis on service delivery. Many global advocacy campaigns of the past decade (e.g., landmines, small arms, child soldiers, etc.) have not only featured the prominent participation of development and humanitarian organizations, but have also signaled a widespread adoption of the rights-based approach to development (Uvin 2004) across international institutions and transnational NGOs. The adoption of rights-based approaches to development entails an explicit development of advocacy strategies, previously not necessarily part of needs-based or participatory development strategies. Instead of service delivery, development groups are now paying more attention to empowering local communities to make rights-based claims towards their own governments in areas of education, health care, or other public services. Transnational NGOs no longer simply augment underprovided government services, but actively facilitate accountability relationships between populations and governments.

Within this context of a growing role of advocacy strategies across TNGO sectors, the next two subsections confront some of the conventional wisdom on advocacy groups prevalent in the literature (3.1). We find that the current literature tends to reduce TNGO behavior to either principled or instrumentalist motives, providing little insight into the complex decisions TNGOs continuously confront. Based on the responses from TNGO leaders, we find that there are several non-trivial differences that distinguish organizations previously subsumed under the advocacy label (3.2). We believe that organizations primarily focused on public education (as a form of advocacy) may be facing different pressures than organizations primarily seeking to change public policy through lobbying efforts. Our results show not only significant diversity within the advocacy sector, but also confirm the view that the diffusion of “rights-based approaches” (Hickey and Mitlin 2009; Nelson and Dorsey 2007) among development and relief organizations has undermined the service/advocacy distinction.

3.1. The focus on advocacy groups

The literature on transnational activism emerging in the 1990s within the international relations literature addressed a simple puzzle about the increasing prominence of non-governmental organizations generally: How can groups lacking significant material and military resources shape global governance and domestic social and political change? The answer to this question relied upon showing how NGOs⁶ acquired unique resources of power while their counterparts lost control relative to those emerging non-state actors. In this view, power is derived from the claim to represent universal principles (e.g., human rights or environmental protection), rather than particular interests. As states increasingly proclaim to support universal values, activists find a rhetorical opening to push for the diffusion and implementation of global norms. Increasingly porous borders, the decline of conventional sovereignty, and the spread of communication technologies enable advocacy groups to level the playing field.

The so-called principled view is expressed in Keck and Sikkink (1998, 35): “What distinguishes principled activists of the kind we discuss in this volume is the intensely self-conscious and self-reflective nature of their normative awareness.” Central to this idea was the existence of a “world culture” (Boli and Thomas 1999; Meyer *et al.* 1997) which represents an ideational space separate from parochial state interests. During the 1990s, the emergence of the constructivist viewpoint within the IR literature enabled scholars to move beyond earlier attempts to theorize about transnational relations, which saw those groups primarily as agents of increased state interdependence (Keohane and Nye 1971). The transnationalism of the 1970s never succeeded in creating a sustained research agenda because it remained limited to a material understanding of world affairs. Transnational activists succeed in their norms-based mobilizations because they can shame norm violators, recruit like-minded allies and build transnational coalitions, and ultimately persuade others to follow collectively shared understandings of appropriate behavior. Many studies sharing this view then proceeded to describe the expansion of the transnational non-governmental sector as a sign of an emerging “global civil society” and to view each new organization as further proof of the growing strength of underlying norms (Anheier *et al.* 2004; Salamon and Sokolowski 2004).

⁶ The term ‘NGO’ (non-governmental organization) remains contested among scholars (Martens 2002; Willetts 2002) and is frequently rejected by leaders of civil society organizations. These reservations are primarily based on the state-centric view expressed in the term non-governmental.

More recent scholarship on transnational activism has challenged the principled view of non-governmental actors and advanced a more traditional material and interest-based explanation for the emergence and expansion of the sector (Cooley and Ron 2002). In this view, transnational activism is not *replacing* a world of material nation states with a principled global civil society, but is most likely *reproducing* the domestic power of non-state actors and the global inequalities of the state system (Rohrschneider and Dalton 2002: 511). Transnational activism is driven by market forces which are likely to reproduce the existing power differentials between the North and South (Bob 2005). Advocacy organizations such as Amnesty International or Human Rights Watch pick their targets not primarily based on the greatest violation of human rights principles, but instead are driven by a need for mass media exposure and for securing increased funding (Ron *et al.* 2005). Organizations more oriented towards traditional service delivery find themselves in an increasingly competitive environment as they seek out contracts and donor resources. As a result, the growth of the transnational non-governmental sector is not interpreted as a sign of the growing strength of global norms, but a free market scramble of self-interested TNGOs vying for attention in an economic environment of limited donor funds.

Until recently, we lacked systematic, cross-sectoral studies that could help us to evaluate the validity of this dichotomous perspective. The field has remained largely driven by case studies and in-depth analyses of specific campaigns that have attracted the attention of scholars because of their success and media prominence. Such examples include the landmines campaign (Price 1998), the establishment of the International Criminal Court (Glasius 2002; Spees 2003), the conflict diamond issue (Le Billon 2006; Tamm 2004), the role of transnational networks in humanitarian relief (Cooley and Ron 2002) and the promotion of human rights and environmental concerns on the global, national, or local level (Keck and Sikkink 1998; Risse *et al.* 1999; Wapner 1995). But case studies tell us little about the larger population of organizations or what position advocacy organizations hold in relation to other types of NGOs.⁷

3.2. What do TNGOs actually do?

⁷ See fn. 3 for exceptions to this dominance of case studies in the field.

The concept of advocacy as a transnational practice remains poorly defined and understood and consequently what constitutes and distinguishes an advocacy organization is also a largely neglected topic in the literature. Our interviews reveal a more nuanced understanding of advocacy than commonly found in the literature. A first observation from our qualitative evidence indicates that interviewees are generally reluctant to use the term “advocacy” and prefer to use terms such as “research” and “public education.” This can partly be explained by legal requirements associated with not-for-profit status under US Internal Revenue Service (IRS) regulations. Under section 501(c)(3) an organization with tax-exempt status cannot “participate in, or intervene in (including the publishing or distributing of statements) any political campaign on behalf of (or in opposition to) any candidate for public office.” While interview responses indicate that this legal requirement has some salience in privileging references to public education, it cannot account for the observed heterogeneity among most organizations with respect to their goals and strategies. Transnational NGOs are not only focusing much of their attention abroad and are therefore less likely to run afoul the American tax code, but the law also explicitly allows not-for-profits to take positions on any public policy issue as long as they do not favor or oppose a specific candidate running for office. While the legal context defines the basic perimeters of permissible advocacy strategies, other factors related to the external environments of TNGOs (variation in principals or the contexts in which they operate) as well as their internal characteristics, shape the choice of program activities beyond what scholars label “policy advocacy.”

Second, our study finds that it is important to analytically distinguish between TNGOs, advocacy organizations and public education organizations. Theorizing about heterogeneous classes of goal-directed actors, such as TNGOs or advocacy organizations, is a difficult task because it is hard to identify a single nontrivial characteristic (such as budget maximization or average-cost minimization) that all TNGOs share in common. Because model fit is generally improved with narrower scope conditions, many scholars concentrate on particular subsets of TNGOs rather than on TNGOs writ large. The majority of TNGO studies thus focus on a single sector (e.g., human rights, environmental protection) or even a single organization or campaign. Implicit in this kind of analysis is the assumption that differences among various types of NGOs and sectors exist. One of the more common ways of dividing up the non-governmental sector is

by goals and activities, i.e., service delivery vs. advocacy, which also appears to serve as a means for defining the boundaries of some academic sub-disciplines in this area. Cooley and Ron, for example, focus mainly on service delivery NGOs. While international relations scholars tend to focus exclusively on the role of a small number of prominent transnational advocacy groups, development studies frequently focus on very different types of (transnational) NGOs seeking to improve the livelihoods of the poor in the Global South.⁸ If we assume that this strategy of breaking down the field of NGO studies is a useful intermediary step for improving model fit, then we can develop more accurate theories of TNGOs by considering their more homogenous constituent subgroups separately. A theory of the firm or collective action approach to understanding TNGOs, in other words, may be a better match for some types of TNGOs than for others. To better judge the empirical basis for this implicit scope condition, we explored the structure of our sample with hierarchical cluster analysis and found that a distinct advocacy subset does indeed emerge. We find some evidence that the traditional distinction between service delivery and advocacy organizations is justifiable, although it is increasingly challenged by the widespread adoption of rights-based frameworks among development organizations. However, although the traditional distinction finds some (temporary) empirical support, it fails to capture widespread heterogeneity within the most important classes of organizations.

The TNGO study enables us to examine the taxonomic problem directly. The interview protocol contained an open-ended question asking TNGO leaders: “What is it that your organization is trying to accomplish?” Respondents answered in their own words and their responses were organized into nine emergent response categories. The categories were public education, advocacy, grassroots mobilization, compliance monitoring, service delivery, research, capacity building, fundraising or grant management and other. Since the collective action perspective posits that firms are goal-directed actors, we wanted to explore what organizational goals actually prevail among TNGOs and to assess the appropriateness of focusing on a single subset—advocacy organizations—as if they were a distinct and coherent subgroup.

⁸ These differences are also reflected in the primary publication venues. IR scholars will write about Advocacy organizations (or ‘global civil society’) in *International Organization*, *World Politics*, or *International Studies Quarterly*, while journals such *World Development* or *Development and Change* serve as outlets for authors interested in the non-governmental development service sector.

We performed hierarchical agglomerative cluster analysis on the interviewees' responses to search for substructures in the data. The algorithm iteratively combines organizations into increasingly larger groups based on a similarity measure. Respondents with similar answers are combined into the same group and respondents with different answers are placed into different groups. Clustering in this context generates a taxonomy of TNGOs in which we would expect a significantly large and distinct subgroup of organizations to emerge specializing in advocacy. We did not know how many groups would emerge from the data, so we evaluated conventional stopping rule statistics to identify the optimal number of groups and visually inspected the dendrograms and group-level statistics to ensure that the results were clear and meaningful. Once the optimal number of groups was determined, it was possible to examine the characteristics of the organizations within each of the groups. We found that advocacy organizations did emerge as a distinct subset of the TNGO sample, but that the overall taxonomy is much more complex than is commonly assumed, raising questions concerning the implicit scope conditions for the framework presented in this book.

The number of groups that produces the cleanest taxonomy is five, of which the largest two are of interest here.⁹ The figure is intended to be read from the top down. Overall, capacity building, service delivery and public education are the most prevalent organizational goals and strategies among US-registered transnational NGOs. Advocacy is significantly less pervasive. When the sample of organizations is disaggregated, two main groups emerge, the largest of which contains organizations oriented towards service delivery. Transnational NGOs in this group are primarily engaged in service delivery, capacity building and education. The smaller group that emerges contains organizations oriented toward advocacy. Transnational NGOs in this group are engaged in advocacy, followed more distantly by capacity building and education. Leaders' responses suggest that service delivery organizations rarely engage in advocacy and that advocacy organizations almost never engage in service delivery. Several interesting findings follow from these results.

[hierarchically arranged graphs about here, see Appendix, Table 1: cluster analysis]

⁹ The other three groups are characterized as public education oriented (n=11), capacity building oriented n=13), and null (n=7). They are excluded for convenience of display.

First, advocacy organizations themselves appear to be divided on the question of whether they are actually doing advocacy or public education. The top graph in the figure shows that leaders overall are more likely to report public education as a goal or strategy than they are to mention advocacy. Not shown in the figure is another group of 11 organizations classified as education-oriented. The existence of this education-oriented group suggests that many respondents preferred the term education instead of advocacy, not merely in conjunction with it. This can be partly attributed to respondents' sensitivity to US laws that restrict not-for-profits from certain types of political activities. However, there may also be a more substantive distinction to be made between organizations that lobby institutions on the one hand and engage in strategic communications directed at the public on the other. It is not clear whether the collective action perspective or firm analogy would apply equally to both types of organizations. In terms of obtaining funding, for example, advocacy organizations may have more concentrated constituencies seeking more specific policy changes and exercising greater influence as principals. Public education organizations, by contrast, may have more diffused constituencies (including funders) as they focus instead on influencing public discourses in a more general manner. Both types of organizations produce goods and services that are ideational in nature and which exhibit different economic characteristics than do material goods and services. Ideational outputs are essentially public goods: they are costly to produce, free to reproduce, non-excludible, and the benefits cannot be reliably captured by individual organizations—except perhaps through vigorous branding efforts connected with fundraising. To the extent that advocacy or public education organizations specialize in the production and diffusion of ideas, we would expect coalitions and networks to be more efficient organizational forms than traditional, more clearly circumscribed firms.

Second, the organizations in the largest group of transnational NGOs are not primarily engaged in advocacy. The majority of TNGO leaders reported capacity building, service delivery and public education as their core organizational goals, which is consistent with the increasingly popular “rights-based approach” in the transnational development sector. In other words, for most TNGOs advocacy is only one component within a multifaceted constellation of goals and strategies, and not even the most prominent one. Insofar as this largest group of TNGOs is more

likely to produce material goods and services that are costly to reproduce, excludible and saleable, it seems logical to suppose that service delivery organizations—rather than advocacy organizations—more closely resemble bounded firms, which are able to capture some of the benefits of their activities for their members, thus solving the collective action problem.

Whether the arguments presented in this volume refer to advocacy organizations, public education organizations, both, or NGOs generally is not obvious without a more detailed explication of why advocacy organizations should be singled out as being particularly amenable to the collective action perspective or firm analogy.

4. Production functions, theories of the firm and organizational boundaries

Amnesty International USA recently opened an online store offering T-Shirts with the AI logo under the signature line reading “Fighting Bad Guys Since 1961” (\$17.95-19.95). Many consumer items can now be had with the AI logo, including (for \$720) a “Fender Amnesty International Music for Human Rights Acoustic Guitar.” Only a decade ago, such a marketing effort would have been frowned upon by many inside and outside of this venerable transnational human rights organization. The brand “Amnesty International” now sells and it can be used in partnerships with for-profit organizations (such as the Fender Corporation) to attract consumers to certain products as well as principled causes. Critics would say that AI has “gone corporate” and may see this as further vindication for the appropriateness of a firm analogy. In this section, we discuss in what ways the creation of goods or services is similar or different from what advocacy organizations produce. In what ways is the creation of non-tangibles like public discourse or legitimacy different from services or goods?

The introduction to this volume emphasizes that “a careful appreciation of the similarities and differences between NGOs and firms can help scholars to employ insights from theories of firms to explore the organization and functioning of advocacy organizations and inform knotty management and policy concerns about accountability, evaluation, and governance” (Prakash/Gugerty, introductory chapter). The appeal of this lens is self-evident: the theory of the firm provides a coherent framework that can be adapted to advocacy organizations in order to generate insights about their behavior. In order for this research agenda to be effective, scholars

should develop non-traditional ways of thinking about firm activity, transactions, assets, and boundary issues specific to transnational advocacy groups. Specifically, we argue here that boundaries of advocacy organizations are protected in order to maintain brand identity and revenue models distinct to the individual firms. But in studying the production of social change, the network is the more appropriate unit of analysis.

4.1. Norm Production

What exactly do advocacy organizations do? In the most generic sense firms combine capital, labor, and technology to produce economic output in the form of products or services. One can argue similarly that advocacy organizations combine norms, information, strategies, mass communication channels, and coalitions to produce a consensus about social issues, to influence policy or implementation, or to change behaviors. Advocacy groups primarily rely on communicative power – the ability to persuade or influence key decision-makers or the general public. In a for-profit marketplace a transaction occurs between two individuals or firms. In the marketplace for ideas, participants exchange competing ideas in public in ways similar to a transaction. In this way, the primary activity of an advocacy group is to produce, or reproduce, norms shaping the public sphere or campaigns targeting institutional and policy change. They challenge the status quo through ideas, persuasion, education, and lobbying.

Add to this another layer of complexity: norm-production as an industry is difficult to commodify, so NGOs often resort to carefully managing their brand since it is a key factor for their funding strategies (see chapter by Maryann Barakso). Name recognition translates to legitimacy in the eyes of donors and membership fees from individuals. Such legitimacy translates into income through the commodification of the brand, such as Amnesty International's symbol of a candle behind barbed wire. The larger and well-known an organization is, the more opportunities will arise to market its brand. In 2003, the Nature Conservancy, for example, received US-\$100,000 from S.C. Johnson & Sons to use their logo in its ads. Although we can say generally that (most) advocacy groups (re-)produce principles and can profit materially from building a brand around those ideas, we find that larger and more prominent groups are much more likely to enjoy such direct material gains.

We also find that advocacy groups are more likely to share success as members of transnational networks that soften the boundaries of individual organizations. While service delivery organizations primarily deliver material resources (e.g., food aid, micro-credit, shelter) or tangible services (e.g., cleft pallet surgeries, potable water) and the outcome can be easily traced to their activities, advocacy groups frequently join in large networks sharing tasks of lobbying governmental officials and educating the public. In the case of service delivery, a per-unit cost-minimization scheme may be a very useful way of understanding behavior or creating benchmarks for donors. In the case of advocacy organizations, the emphasis is less on securing a contract by demonstrating cost minimization in direct competition with others. Instead, the focus is on impact maximization driven by the participation of a large number of like-minded activist organizations contributing their diverse resources to a common cause.

While we know that advocacy groups are engaged in advancing principles, we have not yet developed compelling ways of characterizing these activities in a collective action framework. If one accepts norm-production or campaign-production as the primary activity of advocacy organizations then it is not clear whether the organization or the network should be the appropriate unit of analysis. The next section discusses in what ways economic theories can explain the permeability of organizational boundaries.

4.2. Organizational Emergence and Boundary

From a superficial reading of the theory of the firm perspective, networking by an NGO is somewhat paradoxical. While it makes intuitive sense to create internal hierarchies which facilitate hiring, training, and fundraising, advocacy NGOs also build and maintain resource-intensive external networks with many of their natural competitors. Why would the advocacy organization create distinct boundaries between itself and the market of ideas and then proceed to blur those boundaries by entering into partnerships with governments, corporations, and other NGOs? The answer emerging from our study focuses primarily on the benefits which accrue from partnering with others or from building short-term coalitions during specific campaigns (see Appendix, Table 1). This observation raises the question of the appropriate level of analysis. We suggest that the researcher focus on the advocacy networks instead of the NGO itself.

Individual advocacy organizations rarely act alone to further their agendas. They play a crucial role in bringing together a collection of individuals, giving norms a voice, aligning interests and strategies, developing campaigns, and creating an emotional link between membership/staff and the mandate. Advocacy organizations have strong incentives to enter networks and partnerships in order to utilize shaming strategies, exchange information and resources, amplify their voice, or extend their reach in the large-scale mobilization of public opinion.

In this section we address the question of organizational emergence using two classic theory of the firm perspectives: transaction costs (Coase) and asset specificity (Williamson). Both perspectives are explored in order to make the argument that the network, not the organization, is the appropriate level of analysis in studies of advocacy organizations. Organizational boundaries can be understood through the necessity to commodify a brand in order to generate revenue, but studies that desire to understand efficiency or effectiveness considerations in the norm-production process need to utilize network-level perspectives.

Coase's 1937 lynchpin article on the theory of the firm explores the question of why firms exist in the first place. He surmises that transaction costs such as price discovery and enforcement of contracts are the friction in the commercial machinery. These costs are minimized by trading market mechanisms for the direction of an entrepreneur within the confines of an organization. Employees give up certain freedoms and accept high task specialization in order to perform more efficiently than they would alone in the marketplace. According to Coase, "a firm will tend to expand until the costs of organizing an extra transaction within the firm becomes equal to the costs of carrying out the same transaction by means of an exchange in the open market or the costs of organizing in another firm" (Coase 1937: 395). In this way, a theory of organizational emergence develops. If economic activity can be made more efficient (and thus profitable) from hierarchical organization, then collective action via incorporation ensues. When no gains are possible, transactions take place within a marketplace.

NGOs prove to be a more difficult case. Advocacy organization allows individual activists to specialize in areas of fund-raising, research, and community-organizing, for example, and thus many people working together can be more efficient than working alone. But these

organizations also engage in resource and time-intensive relationships with other organizations they may compete with for funding. These activities create transaction costs. Members of a network must first identify a common set of issues shared by all parties. Then members must agree upon guiding principles for action and outline strategies that they believe will lead to desired outcomes. Finally, plans must be devised, delegated, and resourced in order to achieve the stated goals of the campaign or network. Coordination and conflict-resolution occurs along in every step of this process. If the firm is a meaningful boundary for advocacy organizations, then why would they undertake these costly activities? Coase's transaction cost theory of the firm does not adequately explain the empirical behavior of advocacy organizations.

Williamson's modern synthesis of the theory of the firm offers a more nuanced examination of organizational boundaries. He predicts that high asset-specificity leads to strong boundaries, whereas low asset specificity results in more open-market transactions between firms. Asset specificity arises when a technology or product is developed that is central to a firm's operation and is expensive to develop. If this asset is created through a contractual partnership then the firm is vulnerable to the partner seeking rents or colluding with the competition. As a result, highly specific assets are generally developed within an organization. Asset specificity can affect the complexity of organizations in an industry and their propensity to collaborate (Williamson 1986).

Asset specificity within the industry of advocacy can be understood as contacts, knowledge, advocacy approaches, or expertise that gives one NGO a comparative advantage over others. In practice there is little evidence that advocacy organizations seek to develop idiosyncratic assets or to achieve comparative advantage. Instead, market segmentation offers a more plausible explanation of revenue models. All environmental organizations market themselves to environmentally-minded members, for example, but some organizations market themselves to those who wish to preserve wilderness areas (Sierra Club) and others market to those who care about the preservation of species (World Wildlife Fund). The technologies of these two organizations are inter-changeable, though, so organizational boundaries are driven by the need for a clear brand signal, not the protection of assets.

The low asset specificity of advocacy NGOs leads to an important prediction about their behavior. Increasing competition for resources will not lead to a reduction in partnerships since partnerships are not a threat to comparative advantage. We argue that the organizational boundary is useful for understanding the NGO revenue model – organizations need to build and maintain individual brands so that they can attract members, secure grants, and win contracts – but the boundaries do not adequately capture the productive activities of these NGOs. Advocacy work is better understood at the level of the network since it is largely through networks that advocacy organizations achieve their goals. Thus a collective action approach to the study of NGOs necessitates two levels of analysis – sustainability of individual firms studied at the organizational level, and the effectiveness of campaigns at the network level.

This proposition received empirical support from the TNGO project results. Partnerships and networks are considered essential to achieving outcomes. As the leader of one large TNGO explained, “there are huge benefits [of partnerships]. It’s about making the issues heard rather than having a single voice; it’s about building popular momentum...around issues that otherwise would not have traction.” When asked about the benefits of collaboration, the most common response was that it leads to better results, a view shared by almost 80 percent of the advocacy organization leaders interviewed. The leaders also emphasized that networks lead to better understanding of issues, broader programs, more funding, and learning (see Table 2 in the Appendix).

Partnerships are important, but they are not cheap. The resources allocated toward building and maintaining these relationships are sizable, and thus the decision to create or enter networks is an important organizational process. Further analysis of the data is likely to yield additional insights into which types of organizations are more likely to prefer going it alone, working loosely with others, or building closer partnerships. We know that service-driven organizations bidding for a contract to deliver certain goods to a given region will have incentives to partner with local organizations. This insight is confirmed in Table 2 (Appendix), where service organizations name better access and local capabilities more frequently when asked about the benefits of collaboration.

Similar differences emerge with regard to the data on “obstacles of collaboration” (see Appendix, Table 3). Advocacy groups much more frequently name “loss of control” and “incompatibility of missions” as disincentives to collaboration. While service delivery groups are more likely to find themselves in short-term contractual situations where the goals are externally imposed, advocacy groups are more concerned about maintaining autonomy.

5. Conclusions

Interviews with leaders of 152 US-registered TNGOs active across multiple sectors of transnational activism provide unique insights into the meaning of advocacy in everyday practices and the significance of collaborations and partnerships in shaping the boundaries of organizations and the nature of collective action. In this chapter we explored how a collective action perspective is likely to advance our understanding of advocacy organizations and their behavior. We agree with the claim articulated in this volume that advocacy organizations are not exclusively principled *or* self-interested and assert, based on evidence from our study, that TNGOs can be understood as dynamically constrained impact-maximizers.

Our research confirms that advocacy groups do represent a small but distinct and coherent subset of TNGOs. However, for the overwhelming majority of TNGOs advocacy only represents one component of a diverse menu of goals and activities, raising important questions about the justification for a focus on not-for-profit organizations that specifically undertake advocacy as a primary activity. Our data analysis challenges the focus on the “advocacy” sector and identifies theoretically relevant distinctions among advocacy organizations, public education organizations and TNGOs generally. Transnational NGO leaders describing advocacy-like goals and strategies as public education may face different incentives than those pursuing lobbying strategies aimed at specific policy change. These findings challenge the scope conditions for the applicability of the firm analogy because it is likely that different types of advocacy NGOs may face different incentives from different stakeholders.

We explored the emergence of organizational boundaries through transaction costs and asset specificity considerations as key concepts and found some evidence which sets advocacy groups apart from service delivery or profit-making enterprises. We observed from our

interviews that advocacy organizations operate more as nodes in unbounded social networks than as bounded institutions with clear hierarchies and hard distinctions between the domestic and the external environment. In practice, our interview respondents systematically blurred the lines between their own organizations' activities and those of other actors within their networks. On paper, advocacy organizations may appear to the outside world as bounded hierarchical organizations with official headquarters, professionalized staff, and unique objectives. However, our study reveals that this formality is sometimes just sustained for tax and legal purposes and is less relevant when describing organizational activity. More work is needed to understand the calculus of partnership undertaken by each organization when determining whether to enter partnerships and with whom.

While one could view advocacy organizations as a relatively small subgroup of TNGOs writ large, we are only beginning to understand the value of the firm analogy in explaining the behavior of activists, organizations and networks engaging in collective action with respect to advocacy. Our data suggest that advocacy NGOs exhibit many similarities to firms in dealing with organizational survival and competition for funding. But as communicative actors nested in dense social networks, advocacy groups have developed ways of organizing that defy conventional notions of bounded firms operating in markets. Advocacy organizations generate results by entering into networks integrated by shared norms and understandings, which suggest alternative organizational impetuses to those normally thought to motivate firms.

We find in the interviews that advocacy is a multi-layered and heterogeneous concept. Leaders of advocacy groups engage in very different types of activities designed to change policies and behavior. In addition, most advocacy groups pursue their goals in collaborative ways and routinely build transnational networks to enhance their voices. The types of collaborations we identify fall into two major categories – partnerships and networks. While the academic literature tends to generalize across all networking activities, we find that leaders themselves distinguish between partnerships understood as more formalized efforts at pooling resources for project implementation and networks defined as more loosely connected coalitions focused on information exchange. Both networks and partnerships offer TNGOs opportunities to overcome collective action problems and force scholars to take networks and other collaborative arrangements seriously when deciding on the proper level of analysis.

Three current developments point toward future directions in research and may have significant long-term effects on the activities of organizations engaged in advocacy. First, growth among TNGOs and other not-for-profits is not evenly distributed and the gap between the wealthiest organizations and smaller ones is increasing. We expect that differences in size will become more pronounced and wonder whether a wealth gap could undermine possibilities for collective action at the network level. Second, the landscape for acquiring funding for organizations is diversifying and offers new challenges as well as opportunities. All TNGOs are facing greater scrutiny from individual and institutional donors seeking a measureable return on their investments. Additionally, not-for-profit rating agencies represent a new force in the sector, whose evaluative practices create incentives for organizations to satisfy relatively narrow financial efficiency criteria (Schmitz and Mitchell 2009). At the same time, most TNGOs are acutely aware of the need to become more accountable to those they are claiming to help (Ebrahim and Weisband 2007). Third, the shift towards multifaceted rights-based approaches among development-oriented organizations creates opportunities for new collaborations across sectoral divides, but also challenges traditional mandates and requires knowledge on how to effectively manage complex relationships within networks and across borders. Balancing the needs and demands of an increasing number of widely dispersed stakeholders represents a challenge unique to the TNGO sector.

6. References

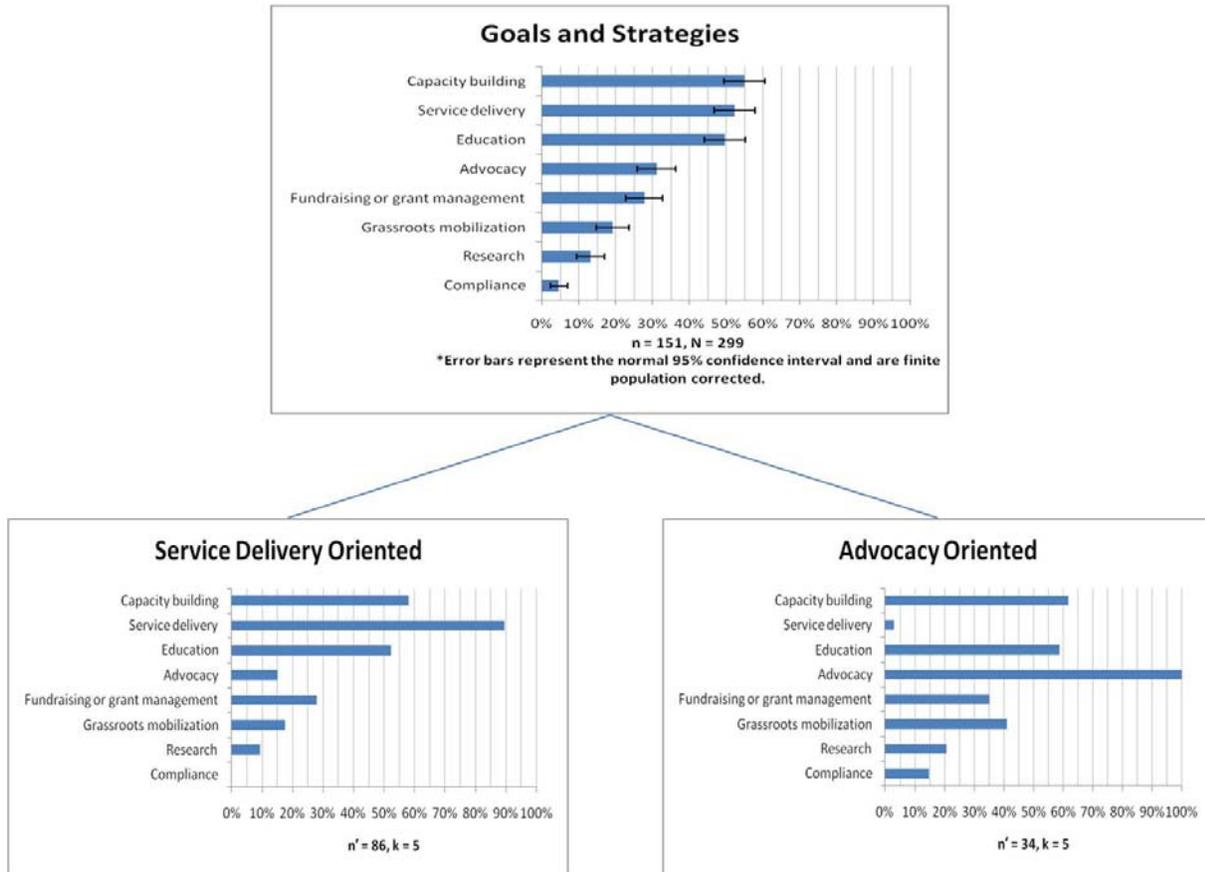
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Appendix: Tables

For section 3: Taxonomy of TNGOs with respect to organizational goals

Table 1. Cluster analysis



For section 4: Transaction costs and organizational boundaries

Table 2. Benefits of Collaboration

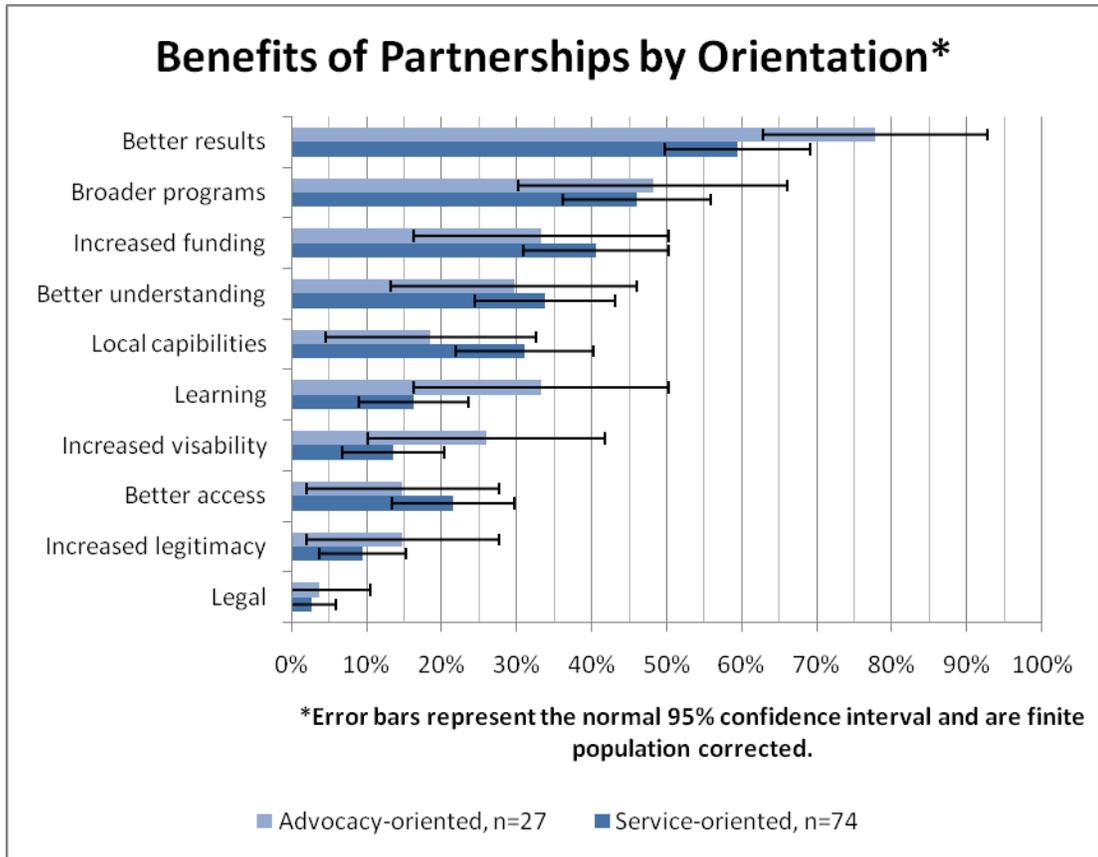


Table 3. Obstacles to Collaboration

