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Abstract: The purpose of this paper is to demonstrate and explain how a Norwegian voluntary, faith-based organisation called the Gospel Centre of Norway (Pinsevennenes Evangeliesenter) successfully substituted "network" for "market" as strategy vis-à-vis the public sector in order to obtain organisational legitimacy and financial security. During the first decade of its existence it obtained a unique position in its relationship with the state, as a separate item in the budget of the Ministry of Health and Social Affairs. The organization operates in the field of substance abuse rehabilitation, i.e. in a situation where instrumental effectiveness is difficult to assess. In such a situation ritual or other institutional criteria may replace effectiveness criteria and impression management turned out to be a successful strategy. Attention is paid to the relevant environmental conditions under which this organizational change of strategy was successful.

ABSTRACT: The purpose of this paper is to demonstrate and explain how a Norwegian voluntary, faith-based organisation called the Gospel Centre of Norway (Pinsevennenes Evangeliesenter) successfully substituted "network" for "market" as strategy vis-à-vis the public sector in order to obtain organisational legitimacy and financial security. During the first decade of its existence it obtained a unique position in its relationship with the state, as a separate item in the budget of the Ministry of Health and Social Affairs. The organization operates in the field of substance abuse rehabilitation, i.e. in a situation where instrumental effectiveness is difficult to assess. In such a situation ritual or other institutional criteria may replace effectiveness criteria and impression management turned out to be a successful strategy. Attention is paid to the relevant environmental conditions under which this organizational change of strategy was successful.

*Key words*: public sector, market, network, faith-based, impression management, interorganizational relationships

**From market to state networking: Strategies for acquiring public legitimacy and financial resources in a Norwegian voluntary organization**

**Introduction**

In some areas of production it is easy to assess technical efficiency; there is an evident connection between input, work, and output. The output may be assessed as to quality and price, and production may be regulated through a market. In other fields, for instance, in many areas of human service production, this is more difficult. There may be no simple and evident connection between the elements in the production process. Services bought and provided may not bring about the intended outcome, and there may be doubts about the connection between the service produced and the actual outcome. In such situations market type mechanisms do not work well in regulating production. Other mechanisms and interorganizational strategies are opened up for. Organizations operating in such areas of production do not rely on market mechanisms alone, or not at all. Instead they may use other strategies like, for instance, network strategies.

Thompson (2003) presents a model where types of assessment of instrumental effectiveness are viewed as a function of two factors: 1) whether standards of desirability are clearly formulated or ambiguous, 2) whether perceptions of cause-effect relations are relatively complete or relatively incomplete. My focus in this paper is the strategic behaviour of a voluntary organization operating in the field of substance abuse rehabilitation. In this field of activity neither standards nor cause-effect relations are clear. Instrumental tests may be employed in the evaluation of treatment programs since it is possible to specify operational criteria for improvement of the life situation of the clients. But it is difficult to relate changes

in life situation over a given period to specific influences or experiences like participation in a

treatment program. Consequently, it is difficult to assess instrumental effectiveness of

rehabilitation. In such a case one may resort to "social tests" (Thompson 2003) comparing

results with standards represented by reference groups. This kind of tests easily blurs the

distinction between institutionally based legitimacy and some kind of judgement of

instrumental effectiveness. Standards represented by reference groups may not be available

when it comes to outcomes or results, or they may not be available in such a form as to allow

for comparisons across the whole spectrum of organizations in the functional field. In such

cases the only possible standards to relate to are institutional in their character, i.e. guidelines

or norms concerning production procedures (D'Aunno 1992; Meyer, Boli, and Thomas 1994).

For instance, procedures in accordance with prevailing professional standards (the latest

scientific theories and professional staffing) may be viewed as an indication of organizational

effectiveness or efficiency in situations where no such tests are readily available.


The purpose of this paper is to demonstrate and explain how "network" may successfully be

substituted for "market" as strategy of interorganizational relationship in a situation where

instrumental effectiveness is difficult to assess. In such situation ritual or other institutional

criteria may replace effectiveness criteria. Attention will be paid to the relevant environmental

conditions under which this organizational change of strategy was successful.


The case to be presented in the paper is a voluntary, faith-based organization operating in the

field of substance abuse rehabilitation and its change of strategy towards the public sector,

with the aim to reduce financial uncertainty and secure resources for a continued

rehabilitation activity. The rehabilitation activities of the organization started in a little garage

where two men were taken care of. Five years later through its efforts to establish contacts

with public authorities, the organization had achieved the unique position of being included in the government budget. The article is primarily concerned with the strategies used by the organization to secure its financial foundation during the first decade of its operation, i.e. the period during which it changed the strategy for acquiring public resources from an unsuccessful market like strategy to a successful state networking strategy. After the first decade of operation it seems that the relations with the state have been stabilized and that maintenance activities have been experienced as less urgent in order to sustain its legitimacy and financial support.

The structure of the argument that change of strategy caused organizational success is mainly an intra-case comparison. I will only briefly apply an inter-case perspective, comparing my principal case with another organization, which did not use network strategy.

**A short presentation of the organization**

The organization to be analysed in this paper is called the Gospel Center of Norway ("Stiftelsen Pinsevennenes Evangeliesenter") (GCN). The organization was established in 1983 by an uneducated, former alcoholic couple who had experienced a religious conversion within the Pentecostal Church in Norway. The GCN was created as an organization to provide care for people with substance abuse problems, especially alcohol problems, who had had a recent religious conversion experience in a Pentecostal congregation and who needed organised care to recover physically and mentally, as well as religious support to sustain and develop their religious commitment. The target group consisted of persons without family, work, residence or a social network outside the milieu of abusers. The organization is part of the Pentecostal church in Norway with no formal bonds to the public sector. The main idea of the founders was to provide a homely environment for the clients with special emphasis on

their religious and spiritual needs. The rehabilitation program included, as its main structural component, religious preaching and group talk, Bible education, and participation in external religious meetings. Fairly soon the organization expanded its activities and widened its target group.

In the first years of operation more than 50% of the total income of the GCN came from private donations, most part of which resulted from collections in the Pentecostal and other religious congregations. Besides private donations the main source of income was sales of services to municipalities, payment for rehabilitation services given to clients.

In 1993 the GCN ran some 15 rehabilitation centres most of them small, with a total capacity on the short side of 300 beds. In 2004 the number of rehabilitation centres was about the same, but with a capacity of more than 380 beds.[i] This amounts to about 10 percent of total in-patient capacity in treatment and care centres in Norway. A fairly large part of the managers are former addicts, and an even larger part of the assistants have this background. During most of the organization's existence professional health and social workers have not been permanently employed at the local centres. The structure of the centres entails low running expense. Since 1988 the GCN has received grants in the government budget, the amount increasing from approx. € 257,000 in 1988 to close to € 3 million in 2003 and 2004. In their annual conferences members of both the national government and the parliament have participated. Only one other private association in the field of substance abuse rehabilitation has later explicitly obtained national public support of the kind the GCN has received. This association is also faith-based and it is reasonable to say that it achieved its financial position vis-à-vis the state in the wake - and as a consequence - of the success of the GCN.[ii]

Focusing on interorganizational relationships involves studying strategies of bridging the organization under study and its environment. In our case the focus is the relationship

between a private human service organization and the state. These kinds of relationships are distinct in the way private organizations have to legitimize their special treatment by the public organizations (Pfeffer and Salancik 1978). In contrast to relationships to other private organizations the private interests of organizations seeking government connections must be draped in the language of public interest to obtain special treatment.

The field of welfare services, in which the GCN operates, has until recently been the responsibility of the local government at the county ("fylke") level.[iii] Still, from 1988, as the only organization, the GCN was granted granted millions of NOK in a separate item in the budget of the Ministry of Health and Social Affairs. A member of the Standing Committee on Finance and Economic Affairs called it extraordinary, counter to the trend over a couple of decades, which has been to remove such specific items from the budgets, collecting them into more general items, in order to reduce the degree of detailed budgeting in the parliament, leaving the details for the ministries. How is this support and "benevolence" on the part of the government and the parliament to be accounted for? I set out to describe and analyse the efforts of the GCN to establish links with the government and the parliament and the outcome and consequences of this network strategy.

But first I give a description of the environment in which the GCN operates as an organization in the field of substance abuse rehabilitation. As part of a religious organization, the Pentecostal Movement, the GCN also has an important religious environment. This environment will mainly be treated as exogenous in this paper.

**Legitimacy and effectiveness as competitive criteria**

In the analysis of a perfectly competitive market the numerous small participants are assumed to be fully informed of the products offered, their prices and producers. Likewise, the products are assumed to be of uniform quality. In the rehabilitation service market, as seen from the demand side, the most important actors are the municipal welfare agencies. The market situation facing these agencies is characterised by a limited number of service producers supplying qualitatively non-uniform services at different prices in a situation where technical efficiency is difficult to assess (cf. p. 2). The information basis on which the agencies are supposed to make their choices is not complete.

Two of the criteria the welfare agencies may use as a basis for distinction and choice are legitimacy of the supplier and some more or less reliable or valid indicator of (perceived) effectiveness or efficiency of the service supplied. Viewed from the supplying organization's side it is a central concern to define the nature and scope of its *domain*, i.e., the claims the organization makes "with respect to products and services provided and populations served" (Scott 2003 p.124). Generally, it is important for an organization that the members of its relevant organizational environment accept the organization's domain definition.
There are three possible sources of challenge to the legitimacy of a service organization (Berger, Berger, and Kellner 1974; Parsons 1960): 1) the means are not in correspondence with means institutionalised in the environment, 2) the ends are at odds with the institutionalised values of the environment, 3) the explanations of the means-ends relationships are contested by the environment. The welfare agencies assess the legitimacy of a treatment organization also on the basis of its domain definition. Criteria of organizational structure are often applied to assess legitimacy of treatment organizations. Two such criteria are whether religion is integrated part of the rehabilitation program, and whether the rehabilitation staff has a relevant professional education. The case against religion may be

explained in terms of cultural and historical features of the welfare state. The social democratic tradition, at an early stage, shared the Marxist scepticism towards religion and religious values. An important part of the ideology of the welfare state has been religious neutrality (cf. Seip 1983). Religious issues were for a long time almost totally absent in the professional education from which welfare service workers are recruited (Angell 1994). Probably, as a result, for many years welfare service workers were to some extent reluctant to accept and give support to religiously based welfare organizations and their activities. These organizations have in certain periods had low status and low legitimacy in the public welfare bureaucracies, and consequently a low referral rate. The situation seemed to change during the 1980s. Towards the end of the decade the GCN was met with less scepticism by professionals in the rehabilitation sector than before.

One factor that seems, more generally, to contribute to reducing the ideologically based reluctance in the environment is a demonstration of efficiency or effectiveness on the part of the religiously based welfare organizations. Meyer and Scott have argued the usefulness of conceiving of the environment in terms of the "technical environment" and the "institutional environment". *Technical environments* mainly refer to those features of the environment relevant to the organization viewed as a production system. *Institutional environments* "are those characterised by the elaboration of rules and requirements to which individual organizations must conform if they are to receive support and legitimacy" (Scott and Meyer 1991, 1992).[iv] Applying these terms one may say that legitimacy is the outcome of the relationships of the organization both to the technical *and* the institutional environments. If demonstration of effectiveness reduces ideologically based reluctance to use an organization's services, it may reflect the supreme value of efficiency in the capitalist society, or in the framework of Habermas: that the domain of cognitive-instrumental rationality is continuously

expanding at the cost of the domain of interaction. Science and technology become ideology and a new basis of legitimation (Habermas 1971). Another factor may be a more general change of political attitude in the public towards increased appreciation of voluntary organizations as welfare producers and the co-operation between such organizations and the public sector (Kramer 1992; Lorentzen 1994).

**A short description of the public sector as technical and institutional environments of the GCN**

In this subsection the concept of 'institution' will be used in a more restricted sense than the usual sociological meaning of the word. In its restricted meaning 'institution' denotes an organised in-patient setting for treatment and/or care. In this sense institutions are organizations, but I prefer to distinguish between organizations engaged in substance abuse treatment and their "institutionalised in-patient activities", organised in institutions.

During most of the period studied in the article the public responsibility for the planning and running of the institutions rested with the counties. This means that county authorities were responsible for the institutional part of the care for substance abusers, while the primary care, the non-institutional part of the sector, has been - and still is - the responsibility of the municipalities. In the early 1990s about 60% of the in-patient capacity was in institutions owned by faith-based organizations. The activities of most of these institutions have been integrated in the public schemes for the care of persons and families with substance abuse problems. The remaining 40% were mainly publicly owned and run, but there are also other privately owned institutions. Through (required) co-operation there was a functional and geographical division of labour between the integrated institutions - private and public - in a county. On the county level the "rehabilitation market" was highly regulated; there was little

competition among the publicly integrated institutions. The clients receive the rehabilitation services free of charge.

In addition to the institutions integrated in the public schemes there have been organizations and institutions operating on a more independent basis. The county did not fund their running costs and their operations were not regulated by the same legal framework as those that were publicly integrated. Without agreements with public authorities these institutions are more exposed to the market forces than the others. They funded their rehabilitation activities mainly by offering their services to persons, private companies, or public agencies.

In a market perspective both individuals, municipal and other public agencies and institutions operate on the demand side in the rehabilitation market in the sense that they create demand for services from the rehabilitation units operating in the field. In the cases where the clients have preferences outside the publicly integrated treatment programs, the primary level agencies may or may not support the clients' wishes. In case of support, the municipality buys services from the servicing institution. In other cases the agencies may reject the alternative suggested by the client, and refuse to pay for services offered there.

The public agencies act as both technical and institutional environments. They are buyers of services from the rehabilitation facilities, and they also set standards for the organizations and institutions from which they buy the rehabilitation services. The institutional function is probably of particular relevance in the relationship to the independent rehabilitation facilities, i.e. those operating outside the publicly integrated system. During the period studied, with its position in the rehabilitation system, the GCN was not formally subject to the structural requirements legally regulating the structure and operations of other types of institutions in the field.

**The market strategy**

From its inception in 1983 it took the GCN only a couple of years to reach a level of operation in the rehabilitation market where sales of services (to the public sector) made up a significant part of its total income. During the period studied, as an independent rehabilitation organization the GCN was on a short-term basis more exposed to the market forces than the publicly integrated institutions. Generally, the GCN has had to compete for its clients on a rehabilitation market. In this market the principal actors have been the potential clients (and their representatives and sponsors) and the public welfare agencies at various levels on the demand side. On the supply side the publicly integrated – publicly or privately owned – rehabilitation organizations have been the most important actors. Besides, there have been a number of voluntary organizations, usually small, offering rehabilitation services, organizations not integrated in public schemes. The GCN was one of those (though not small).

The main target group for the GCN has been poor and socially marginalized people. For each person entering into the GCN rehabilitation programme the organization submitted an application to the relevant social welfare agency in order to get the rehabilitation service costs paid for by the agency. The welfare agencies preferred that the decision on which rehabilitation centre to choose for a certain client be made in agreement with the agency, and in advance. Occasionally, in as much as 40% of the cases, the application coming from the GCN was rejected.[v] In many cases the rejection was caused by a sceptical attitude from social workers, which has implied that they refuse to refer clients to GCN centres or to compensate financially to the GCN if the clients enter the rehabilitation programme anyway. For these

clients the organization received no compensation, and before government grants were given, the GCN had to rely on private donations to cover the expenses.

The different attitudes of the municipal welfare agencies to rehabilitation in the GCN and its competitive position vis-à-vis the publicly integrated institutions were sources of uncertainty in a situation where the organization was highly dependent on the economic resources controlled by the agencies. The options at hand were primarily to try to establish closer relationships with these agencies or create "alliances" with central actors on county or state level. As an organization operating at a national level the links to the municipal agencies would in principle involve relationships to social welfare agencies located in more than 400 municipalities. As many agencies did not accept the GCN as an appropriate rehabilitation alternative for their clients, and the financial situation of the municipal sector fluctuated and generally became worse, the municipal level strategy did not seem well suited to secure the needs of the GCN. In 1987 the organization leaders decided to look elsewhere for support.

**Change of strategy: network links with the state**

The insecurity created by the reliance on the market mechanism and the lack of success at the municipal level made the GCN look for other, complementary network strategies. A social network is conceived as a well-defined set of actors linked through a set of social relationships (Mitchell 1969). This is a general definition. For my purposes it is natural to view "social relationships" as patterns of interaction. There is no explicit time dimension or reference to duration in the definition of the concept. Some writers on social networks include the condition of more or less regular interaction or lasting relationship in their definition of the concept (Finset 1981; Schiefloe 1979).

For the GCN the network strategy stood out as the most expedient or rational alternative when the goal was to reduce uncertainty. Transaction costs involved in systematic municipal networking would be too big for the GCN to engage in in the short run, and the outcome was not expected to be satisfactory on the background of the previous experiences. The most relevant partners in co-operation would be the county authorities. A less directly relevant partner was the state. The state carried the overall responsibility of law and policy making and monitors the lower level policy implementation. The state transferred money to the counties and the municipalities in the government budget. The state might also grant resources to special projects and efforts outside the priority list of the counties or the municipalities. The state has an impact on interorganizational exchange of resources in two main capacities, as already noted: 1) as a source of authority regulating the types of transactions that can legally occur among organizations, and the conditions under which they may take place, 2) as a party directly engaged in transactions with other organizations (Scott 2003). In this paper focus will mainly be on the second capacity with a few comments on the first towards the end. The network approach to the state started in 1987. The main purpose of the approach was to reduce the financial uncertainty of the organization due to its "open doors" client recruitment policy and the rejection by many municipalities to pay for services received by such self-recruited clients to the GCN, not approved in advance by the relevant municipal agencies. By establishing links with different parts of the state the GCN aimed at gaining state support for its activities, both symbolic and in terms of money. First and foremost they hoped to get some kind of an official recognition from the state in such a way that they could use it to influence the distribution of clients to the various treatment organizations in their favour. From the beginning there was no direct interest attached to the state. The initiative towards the state was taken as a means to influence a lower level of the public sector.

The GCN used two lines of approach to the state; both built on existing personal links. One line of approach was to establish personal relations with individuals representing political party caucus on a national level. This relationship contributed to establishing links with the Parliament. The party relations cultivated by the GCN have been the ties with the Christian People's Party. The members of the Protestant denominations outside the Church of Norway, the state church, have had a relatively strong affinity to this party compared to other political parties, especially among the "cadres" of the religious organizations.[vi]

The other line of approach was geared to establish contact between the GCN and the Labour Party linking a former party representative in the GCN with an old "union pal", at the time of contact a member of the Standing Committee on Social Affairs in the parliament. The committee member arranged a meeting between representatives of the GCN and the Secretary of State for Health and Social Affairs in the Social Democratic government. The permanent secretary had part of his occupational background in the field of alcoholism treatment. The ties with the Christian People's Party could not easily help the GCN reach the members of the government since the party was not in government position at that time.

The direct outcome of the first meeting with the Secretary of State for Health and Social Affairs was a grant of about € 25,000) to be spent on contacts with the county Health Authorities (public relations campaign), the appropriate level for the GCN to address. The contacts with the county authorities gave no result. The response to the GCN was everywhere that the financial situation made it difficult for the local government even to exploit the capacity of the treatment organizations it was already committed to use. From these interactions it is difficult to draw conclusions about the attitude towards the GCN on the

county level. The argument about financial constraints may have concealed various attitudes towards the GCN as a rehabilitation organization.

The chances of persistent, stable links between the GCN and the different parts of the state vary. I will distinguish between links with the government, the central administration, and the parliament.

**Links with the government**

The political and personal composition of the government has been far from stable since the GCN started its networking activities. The only possibility of a stable relationship between the two organizations would have been if there was established a role link, if it was part of the role of, say the Secretary of State for Health and Social Affairs, to maintain contact with the GCN. This would have meant a formalised relationship between the two organizations, which would be highly unthinkable considering the power position of the GCN in society. Even with a stable composition of the government a stable social link between a member of the government and representatives of the GCN would be difficult. The role of a Secretary of State is general, super ordinate and political. Contacts with different organizations - if they are more than isolated events - are delegated, either to persons in political positions (non-members of the government such as the secretaries) or incumbents of relevant administrative positions, through a system of division of labour. In the former case interorganizational links are subject to discontinuities due to changes in the composition of the government as mentioned above.

The contacts with the state were a way to try to enhance the public prestige of the GCN, a rational strategy for an organization partly operating in a situation of competitive

interdependence (Thompson 2003). As I have pointed out earlier in this paper, though the strategy - if worked out successfully - would contribute to reducing uncertainty, it would also increase the dependence on the public sector. While exchanges with the public sector accounted for 34% of the GCN's total income in 1985, they accounted for 70% of total income in 1993 (and 63% in 2004). As part of this government grants amounted to 23% of total income in 1993 (and 26% in 2004).[vii]

Most of the interactions have been connected to the annual government budget process, and all initiatives to interact have been taken by the GCN. This pattern reflects the power asymmetry of the relationship. As Cook has noted "dependence determines the probability of initiation of a given exchange relation; the more dependent party in an imbalanced exchange relation is the more frequent initiator" (Cook 1977). The relationship has had a double purpose for the GCN. First, the GCN's dependence on the municipal welfare agencies for financial resources has been reduced by the introduction of a new, important source of funds. Second, grants allotted to the GCN are at the same time expressing the government's support and acknowledgement of the work the organization performs, i.e. a legitimisation of the activities. The latter serves as a means to increase or confirm the legitimacy of the organization both in the general public and especially in the lower levels of the public sector. The efforts to get government grants have also been a strategy to gain support for its domain definition, an alternative to a strategy involving compliance to the "rationalised institutional rules" (Meyer and Rowan 1991) of this domain of activity.

These goals have furthermore been pursued through attempts to involve government officials directly in the activities of the organization. The GCN invited government officials to participate in their annual conferences and in celebrations around milestones in the history

and development of the organization, with some success. Both the GCN and the government officials have understood the participation as acts of legitimation and support (cf. Allen and Caillouet 1994). For the GCN the participation has represented an opportunity to demonstrate its "instrumental effectiveness", because former or present clients have always been actively participating on such occasions.

Communication of information may produce subjective impressions depending on the form of communication. It is a question of expressing a message and of being impressed by the message in Ichheiser's terms as referred to by Goffman (1959). In the case of alcoholism rehabilitation, programmes where big leaps may be observed in the life pattern of individual cases of former "hopeless" chronic alcoholics, by a fairly small input of resources, may convey an impression of efficiency to persons who are presented with the information and show-cases of the group of people who have experienced such a transformation in their lives. Subjectively such communication of results personified may create an impression of efficiency greater than of a programme displaying consistent, but less improvements in the life situation of numerous less seriously affected, treatment motivated clients, at high costs. As William Thomas suggested:

> It is ... important for us to realise that we do not as a matter of fact lead our lives, make our decisions, and reach our goals in everyday life ... statistically. We live by inference.[viii]

Thus, the personal presence of government officials has been an opportunity for "impression management" (Goffman 1959; Rosenfeld, Giacalone, and Riordan 2001; Schlenker and Weigold 1992) intended to increase awareness about the organization, confidence, and legitimacy.[ix]

One member of the government who participated in an Anudal Conference in the early 1990s later said, in an interview, when asked about instrumental effectiveness and background information on the GCN:

> The background information was given {to me by my advisers} both in oral and written form, the number of rehabilitation centres they run and the number of clients they accommodate. And {when I was participating in the conference} some of the results stood singing behind {the place where I was seated}. I like that better than statistics.

He said he had told the other members of the government about his experience with the GCN. Through the relationships to the state GCN leaders improved their confidence in what they were doing and achieving. They started behaving more assertively on behalf of the organization than they had previously done. Pfeffer and Salancik (1978) maintain that a private organization requesting special treatment from the government must justify its claims by referring to public interests that the organization serves. This was explicitly done by the GCN to motivate support from the government. And government officials, in interviews, emphasised this function as an important reason for them to support GCN activities.


The government support of the GCN may be explained politically. During the past couple of decades more attention has been paid to the "welfare society" as distinct from the "welfare state". The growth of the public welfare bureaucracy has not turned out to be an efficient instrument to resolve the welfare problems adequately. Towards the end of the 1970s the limited ability of the welfare state to solve such problems was explicitly admitted by the Social Democratic government:

> The welfare state cannot work out all welfare problems. When a society has reached a level of welfare as we have in Norway, a further improvement of welfare is primarily connected to the activities of smaller groups in society like the family, the work-place, the local environment, and the voluntary organizations (Stortingsmelding no.79 (1980-81) p. 117).

The government states that even though responsibility for the welfare system remains with the public sector, it has many times proved useful to have e.g. voluntary organizations contribute to the implementation of the policies. The voluntary sector effectively supplements the public sector in utilising the extant human resources available for commitment to welfare work. This open attitude to and acknowledgement of the welfare contributions of the voluntary organizations may be seen both as an ideological reorientation to "bring society back in" (in the wake of a more general conservative wave in politics) and as an adaptation to budgetary constraints in the public sector and a cheaper way out by the mobilisation of voluntary labour (see also NOU 1988:17). It may also be seen in the context of the idea of "welfare pluralism" in the wake of the Thatcher and Reagan administrations accompanied by the criticism of the public sector for standardisation of services and lack of efficiency (cf. Eriksen 2001).

Government support was - and has been - granted the GCN in acknowledgement of the complexity of the social problem and the diversity of the problem bearers. As expressed by a member of the central administration, recognition of the complexity of the substance abuse problem may lead to strong requirements concerning the professional level of the treatment organizations and their programs, or to the recognition that a wide variety of organizational forms are needed. The central administration seems to have adhered to the former conclusion while the government seems to have leant more towards the latter. This is in line with Meyer and Scott's argument that centralised authority may imply the decision of the authorities to create a variety of organizational form, "increasing organizational diversity by design" (Scott 1991 p. 172). In our case the government has been in a position to support organizations that do not conform to the "institutional myths" of the field in order to sustain a diversity of organizational forms, though it has not been created by coercion as in Meyer and Scott's argument. In this way support is granted the organization due to its distinctiveness, its lack of

conformity to institutionalised standards, rather than the opposite, i.e. institutional conformity. But it should be kept in mind that the criteria for support seem to vary between different levels of the public sector and are (probably) not the same in all relevant organizations in the public task environment at each lower level. In its relationship with the government it has been important for the GCN to make sure that government funding would not involve changing its core technology.

**Links with the central administration**

Links with the central administration have been important to the GCN primarily because the administrative part of the ministry represents a knowledge base and an advisory capacity for the government. The field of responsibility of the ministry is mainly policy making and influencing the policies and activities at the county level, not directly relevant for the daily operations of the GCN.

The actors in the GCN in charge of the boundary spanning activities in the relationships with the state voiced the experience that they have been received more positively by their government contacts than by the administration, which took a more sceptical attitude towards the GCN. The representatives of the GCN felt they were regularly met by questions about the professional standard of their activities in the sense of formal structure. Meyer and Rowan (1991) have shown that forms of formal structure in organizations may be as much an expression of "institutionalised myth" as a function of instrumental rationality. Formal structure is labelled myth because its legitimacy derives from what the public or individuals and groups that influence decision-making consider appropriate. The legitimation is, however, not related to instrumental effectiveness or efficiency. The bureaucrats of the central administration are highly educated and may be expected to adhere to professional values and

standards, resting in a cognitive base produced by academic specialists (DiMaggio and Powell 1991a). In this way the bureaucrats are likely to exert a normative pressure towards institutional isomorphism in the relevant functional field. The professed experience by GCN members of the encounter with members of the central administration referred to above illustrates the importance assigned to formal structure in neo-institutionalist organizational theory. Its function is to contribute to legitimising the organization, increase resources and survival capabilities (Meyer and Rowan 1991). Thus, in this context the type of impression management tactics used in the encounters with government members is likely to be less instrumental or effective.

The government has acknowledged this difference in attitude between the politicians in the government and the bureaucrats in the administration. It has been pointed out that the government is supposed to work to promote co-operation between the public sector and voluntary organizations, and the government is in a position where it has the opportunity to balance between what the professionals in the administration voice and what the government members themselves consider to be "the needs of society". What matters for the government is "to be pragmatic and at the same time have fortitude".[x] In conclusion, links with the central administration are important to secure the continuity of the links to the executive powers, but links with the government may have been more beneficial to the GCN though transaction costs may be higher.

**Links with the parliament**

The principal partners in collaboration for the GCN in the parliament have been members of the parliament group of the Christian People's Party. Through the parliament group of the Christian People's Party the links GCN's ties with the parliament have been stronger than the

links with the government and the central administration in all dimensions of the

relationship.[xi]

The links with other parties represented in the parliament have been weaker. I have mentioned

the ties with representatives of the Labour Party, and the GCN has also addressed other

parties represented in the Standing Committee on Social Affairs. Around 1990 the periodical

issued by the GCN brought public statements of support, legitimising their activities, from

people representing the Christian People's Party, the Labour Party, and the Socialist Left

Party. But the GCN has considered the ties with the Christian People's Party the most

significant. The Christian People's Party contacts were central in working out both the GCN's

strategy towards the parliament and a strategy for the party's own pursuit of the interests of

the GCN in the parliament.

Ties with the parliament have had two main functions for the GCN, corresponding to the two

principal general functions of the parliament: allocations of funds and law making. Allocation

of funds may have direct impact on the GCN in case the organization is granted money in the

budget. An increase in the grants allocated to the local governments at the county and

municipal level may have had an indirect effect on the GCN's competitive position as

explained earlier in this paper. The law making function of the parliament affects the activities

of the GCN only indirectly, through the law on local government responsibility for the care

for substance abusers and the regulations put on the structure and activities of the treatment

institutions subsumed under other laws regulating the care for the mentally ill.

The government budget decisions are made in the parliament. Its functions and the way the

members are recruited make contacts easier to obtain for the environment, and also more

imperative for the members to establish and maintain, especially with their constituency.

These ties serve both as means or prerequisites to secure re-election and to fulfil expectations

connected to the role as Member of Parliament. The different functions of the parliament and

the government - the central administration included - in the Constitution, lead us to anticipate

a network pattern between the GCN and the members of parliament and groups different from

that between the GCN and the government and the central administration. One would expect a

stronger and less unilateral relationship.


**The network relationship as a cause of success?**

So far the case study has only been an intracase comparison. To strengthen the argument that

the GCN's network strategy towards the state was a cause of success; I will briefly compare

GCN's choices of strategy with the choice of another rehabilitation organization operating in

the same field as the GCN. The period of comparison is the same as for the study of the GCN.

The other case is Vangseter; an alcohol abuse rehabilitation centre whose rehabilitation

programme is based on the Alcoholics Anonymous inspired Hazelden or so-called

"Minnesota model".[xii] Like the rehabilitation units of the GCN Vangseter has not been

integrated in public schemes. Both organizations were originally given the same

organizational classification ("private board"/"privat forpleining")(SHD 1993) by the public

authorities, that is, they were crudely assessed as functionally equivalent. Unlike the GCN

Vangseter did not receive financial support from the state to its rehabilitation activities. Both

organizations relied much on market mechanisms as a way to survive and prosper. Both had

some contacts with relevant public agencies at the municipal and county level. None of the

organizations had success at the county level, and it seems that Vangseter overall has been

more dependent on the "private market", that is, sales of services to private persons or

companies, than the GCN which has had more of its income from the "public market". During

the period under study the Standing Committee on Social Affairs in the parliament visited Vangseter on invitation, and some initiatives were taken towards the central administration. But the striking difference between the two organizations in their approach to the public sector was the extent to which they engaged in an active network strategy towards the government and the parliament. This difference is not the only significant distinction between the two. Indirectly I have mentioned the ideological distinction, which may also have contributed to differential success.[xiii]

**The GCN's network relationship with the state in an exchange perspective**

Reciprocity is a central aspect of network relations. Generally it is a difficult concept to apply because it is used with different meaning in different social science disciplines (Powell 1990). In sociology reciprocity in interpersonal relationships are usually framed in terms of indebtedness, within an exchange perspective (Hall and Tolbert 2005). Interorganizational network relationships may be more fruitfully conceived of in other terms; especially the relationships between a voluntary organization and the state organization (cf. Lincoln 1982).[xiv] The GCN's efforts to establish and develop network relationships with the state are clearly a consequence of the GCN's dependence on resources controlled by the state. Two such resources have been considered: financial resources and capacity to grant legitimacy. Financial resources are means to reduce economic insecurity. The capacity to grant legitimacy to the organization and its activities may be seen as a means to reduce transaction costs in the relations to the welfare agencies at the municipal level and as such a means to convey increased legitimacy at lower levels of the public sector.

It seems there has been no direct and immediate exchange relationship between the state and the GCN in their network relationship. If we distinguish between different parts of the state,

the executive part, the government and the ministries, did not enter the relationship with the GCN with the purpose to exchange resources. The resources controlled by the GCN did not represent direct needs for the Executive. The support may be seen as reflecting the general policy of supporting voluntary organizations as an institutionalised element of the public sector.[xv] On the other hand, in a wider sense, support to the GCN was a small instrumental contribution to the implementation of a long-term goal in the national alcohol and drug policy, and as a consequence, a small contribution to the legitimacy of the government and the state. At the administrative level, support given to the GCN benefitted the then Ministry of Health and Social Affairs in that the Ministry aimed at "a wide range of rehabilitation facilities, and a sufficient in-patient capacity" in the rehabilitation system.

Parallel arguments may be used in the analysis of the relationship between the GCN and the parliament. It was acknowledged by members of parliament, proponents of the GCN, that what the organization accomplished in its activities "is significant in its contribution to society, socially as well as economically" (*Ennå er det håp* 1992(3):5).[xvi] With this position parliament support of the GCN was instrumentally functional. It justified the support of the GCN by parties and individuals in the parliament. Those who supported the GCN in the parliament may have hoped to increase political legitimacy and support from the Pentecostals in return for their support of the GCN in the parliament. The close links between the GCN and the Christian People's Party may have benefitted both. Members of the parliament group have regularly participated in GCN arrangements, and the leaders of the GCN participated in informal, religious arrangements (prayers) in the parliament, open to all members of parliament. As such the arrangements also represented possible points of contact between the GCN and the parliament.

It has been essential to the Christian People's Party that the GCN is a faith-based

organization. Thus, support of the GCN has not only been instrumentally beneficial to the

Christian People's Party. It has also helped promote their common religious worldview,

which may be considered an institutionally based imperative for both organizations, though

not the goal of the parliament.

The support of the GCN may also have been perceived by the politicians representing the

Social Democrats to entail political benefits to the government and strengthen its political

constituency. A member of a government participating in a major GCN arrangement

afterwards said in an interview that his participation had been approved of by members of the

parliament representing the Social Democratic constituency in the area where the arrangement

took place, with the explanation that "they {the Pentecostals} are of our people".


The state affects interorganizational transactions both by legally regulating such transactions

and by directly engaging in interorganizational relationships. So far I have been concerned

with the form and content of transactions in the network relationships between the GCN and

the state. Nothing has been said about conditions for the transactions to take place, that is, the

institutional regulation of the transactions. It is an important part of the conditions for the

GCN in its transactions with the public sector to preserve its organizational identity, its

normative and behavioural structure. I have emphasised the normative expectations GCN

representatives have felt they were met with by contacts in the central administration. On the

other hand, government officials stated their appreciation of the organization with its profile

and identity, and encouraged the GCN to maintain this identity. They were even warned that

too close ties with the public sector (financial and administrative integration) might put this

identity in danger due to the legal requirements the GCN then would be subject to.

The first grant in the government budget was a result of negotiations and a budgetary compromise in the Standing Committee on Finance and Economic Affairs in the parliament, advanced by the Christian People's Party and approved as an act of confidence by the other parties, with no formal requirements attached to it. Later grants have gained support in the parliament under the condition of the organization's financial accountability. This condition forced the GCN to strengthen its accounting structure and procedures.

Government officials foreshadowed early in the 1990s that long-term support in the parliament required documentation of results or effectiveness. The leaders of the GCN viewed the annual grants primarily as an acknowledgement of the work performed, but they indicated as well that "the politicians are also interested in getting the most out of each krone"[xvii] even before requirements of that sort had yet been formally stated.[xviii] This offensive attitude by GCN leaders may be interpreted as an expression of a willingness to conform to a presupposed efficiency norm pervading the public health and social policy discourse. It may also be understood as a public statement of assertiveness in accordance with the public image they conveyed as both successful where others failed, and as the cheapest alternative in the rehabilitation market.[xix]

**Conclusion**

The network approach to the state for the GCN emerged out of a situation of financial uncertainty due to the organization's client recruitment policy, the financial difficulties of the municipalities, and the legitimacy problems that the GCN faced in its relationship to the municipal welfare agencies. The market strategy adhered to by the GCN from an early stage of operation was not successful; the organization did not achieve sufficient legitimacy and its services were not in demand by the municipal agencies to such an extent as to balance what

the GCN experienced as individual requests for their services. Neither did the GCN succeed in attempts to modify the mechanisms in the rehabilitation market by approaching the county Health Authorities.

This lack of success left the GCN with two alternatives: either to join forces with another organization in the field in some sort of hierarchical arrangement or merger, or strengthening its ties with the state, trying to link up both with the government, the central administration, and the parliament. The former strategy was out of the question; the GCN was established to be an alternative to other - even faith-based - rehabilitation organizations. The latter strategy remained the only viable option.

Financial support for the organization was a political issue. Therefore it was natural to approach the political – as opposed to the administrative – part of the state, i.e. the government and/or the parliament. The GCN addressed both parts of the system. The administrative part of the system prepares the cases for the parliament and the government and has an advisory role vis-à-vis the political part of the system. Moreover, the central administration represents the continuity in the ministries as governments come and go, and is an important source of knowledge in the governmental decision making system. Consequently, a supportive attitude to the GCN and its activities was important. As it was, the director of the department responsible for alcohol and drug affairs in the Ministry of Health and Social Affairs endorsed government support of the GCN while other parts of the central administration were more sceptical.

In general, the GCN experienced a more open attitude and goodwill among government members and their political representatives and in the parliament, than in the central

administration. The difference may have various explanations. One element may have been the nature of the problem dealt with by the organization and the way the problem is conceived by professionals in the field and the non-professionals. The central administration is more likely to be staffed with people with a relevant professional background than the government and the parliament. Professionals are more likely to exert a pressure for normative isomorphism (DiMaggio and Powell 1991b)  than politicians. In addition, politicians work for re-election and must have the interests of their constituencies in mind.

The GCN has tried to have those who are perceived as important links in the state structures to participate in its arrangements, what we may consider a very loose form of co-optation (cf. Selznick 1949). One purpose has been to make those persons experience face-to-face some of the results of the activities of the organization, to strengthen their impression of what is happening through the activities of the GCN - what I have called impression management. The representatives of the state have been invited in a social setting where they are likely to see the "sunny side" of the rehabilitation centres. The staging of the personal encounters and the conferences is typical of the way the Pentecostals stage their meetings. The testimonies presented in the meetings with the state representatives and in the conferences are probably typical of Protestant Pietistic religious (post conversion) ritual. As such the impression management tactics may be interpreted as a response "in terms of well-learned routines and procedures" (Ginzel, Kramer, and Sutton 1992 p. 253).

Another purpose has been to use participation of the officials in the service of the organization's needs for public legitimacy and appreciation. Thus for the GCN the participation of state officials has served both substantial and symbolic purposes. It has aimed at strengthening the interorganizational links between the GCN and the state. Such links may

be interpreted as an expression of the organization's legitimacy. The legitimacy expressed in this way may serve as a means to influence the attitudes and behaviour towards the organization at the lower levels of the public sector, those levels that make up the most important actors in the organizational field in which the GCN has operated.

The network relations between the GCN and the state may be fruitfully analysed both in an exchange and an institutional perspective. Public support of voluntary organizations has been an institutional element in the state policy. On the other hand, financial support to the GCN has helped increase the range of diversity of in-patient rehabilitation facilities, which has been a goal of the alcohol and drug policy of the state. As such, support of the GCN has contributed to the legitimacy of the state as well, though very indirectly. On the parliament scene the Christian People's Party has been the most committed partner promoting the interests of the GCN. Parliamentary support of the GCN has merited the party in the GCN and the Pentecostal Movement. The regular participation of members of the parliament group of the party in GCN conferences may have strengthened the Christian People's Party's position in these groups. The success of the GCN also helps spread the religious message and the religious worldview shared by the GCN and the Christian People's Party. But it is worth notice that in the parliament the representatives of this party have joined hands with those of the Labour Party, traditionally sceptical to religious-based involvement in provision of welfare services, in supporting the GCN in the annual budget negotiations.

Three phases may be distinguished in the process of acquiring and maintaining public legitimacy. The first phase was legitimacy by confidence, established by impression management. In the second phase legitimacy was maintained by adaptation to the institutional requirements of public accounting procedures. In the third phase instrumental effectiveness

associated with technical environments were required to preserve public support. This condition for support was only stated in general terms. The public authorities specified no minimum level of effectiveness, and there is no commonly shared standards adhered to in the field. Measures of effectiveness depend on the goals, which serve as reference. It does not appear to be a general agreement in the GCN's environment as to its proper domain. Thus effectiveness may be "defined" or estimated more or less at will. In these circumstances the required documentation of effectiveness may function more as an institutionalised ritual than as an instrument of cognitive-instrumental rationality.

At first sight it seems that the GCN entered a position of increased dependence on the state, without "forfeiting its life". This is in contradiction to some of the postulates of the new institutionalism in organizational theory. DiMaggio and Powell (1991a) propose that greater dependence of one organization on another will make the former more similar to the latter structurally, in climate and behavioural focus (DiMaggio and Powell 1991a p. 74). Such tendency of structural isomorphism has been found for instance in Norwegian industry in its increased dependence on the state (Berrefjord and Hernes 1978). In the case of the GCN the situation seems quite different. One reason for the state to support the organization has been its distinctiveness both in organizational form and content, its breech with the institutionalised demands of the functional field and the bureaucratic form of the state. This policy may be regarded as an illustration of Meyer and Scott's argument that under certain conditions, e.g. centralised authority, increased diversity in organizational form may be the consequence of a more structured environment (Scott 1991).[xx] Scott explicitly draws attention to the different predictions made by Powell and DiMaggio on one hand and Meyer and himself on the other hand, as to the effects of organizational environments on structure.

The efforts of the GCN to establish network relationships with the state proved successful.

The success seems to be a result of the nature of the organization and its leaders, the quality

of the services that the GCN provides and its unique character, its ability to change radically

the lives of people strongly addicted to alcohol or drugs, the ability to mobilise and commit

voluntary, human resources in the operations of the organization, and the way the people in

the organization have been able to demonstrate these characteristics to their counterparts in

the state. These characteristics of the GCN match needs and the ideology of the state, of

which one central element in this connection is the support of voluntary organizations and co-

operation between the public sector and such organizations. Over the last twenty-five years

the ideology of the social-democratic welfare state has changed notably in this respect. The

change has been coined "the modernisation of the social democracy". It may also be seen as a

liberal or conservative change within the social democracy. The same tendency is observed

throughout most of Western Europe. In Norway one may question the success of the GCN

with similar attempts at building interorganizational network relationships with the state in the

nineteen seventies.

**Notes**

[i] Source: Website SIRUS (Norwegian Institute for Alcohol and Drug Research)

http://www.rustiltak.no/Tiltak/static.asp?ID=17 (accessed 12.12.2005).

[ii] The name of the association is Christian rehabilitation and prevention efforts (Kristent rehabiliterings- og

forebyggende tiltak)., a private foundation comprising five faith-based member organizations, all operating in

the field of substance abuse rehabilitation and/or prevention.

[iii] In 2004 the responsibility for the specialised welfare services for people with substance use problems was

transferred to the state level. This has created problems for the GCN, at least in a transitional period. This change

will not be taken into account in this article since it is primarily historically oriented and the change has no effects on the issues discussed and analysed in the article.

[iv] These two types of environments are primarily distinguishable aspects of the environment; they do not refer to two separate sets of organizations constituting the technical and the institutional environment, though this may in many circumstances turn out to be the case. Scott and Meyer admit that it is often difficult empirically to distinguish the two aspects of the environment. The reason is that those who formulate institutional rules often try to dress them in technical drapery, due to the esteem of technical capability (see also Habermas 1971).

[v] Information provided by the GCN. It is still stated in the organization's service declaration that it will receive persons with substance abuse problems event if the municipality has not consented to covering the expenses connected with the services provided by the GCN (website GCN http://www.evangeliesenteret.no/ accessed 15.06.2007).

[vi] This tendency is documented by results from the survey on religious values and behaviour in the Norwegian population in 1991 and again in 1998 (cf. Lund 1999).

[vii] The figures are based on annual reports from the organization.

[viii] Volkart 1951. Here quoted from Goffman (Goffman 1959).

[ix] It seems that the study of impression control and management only recently has proliferated in organizational theory and research (Rosenfeld, Edwards, and Thomas 2005). The impression management tactics used by the GCN is worth consideration, but will not be pursued further in this article.

[x] Quotation from an interview with a former government member.

[xi] Already Bønes (Bønes 1978) claimed that the Christian People's Party has a long tradition in supporting the religiously based treatment organizations in the Parliament. The party has maintained close connections with these organizations, in particular the Blue Cross, which traditionally has been by far the largest but which recently has been challenged in that position by the GCN.

[xii] The description of the organizational behaviour is based on interviews with two significant staff members. See also the centre's website http://www.vangseter.no/article.asp?id=86 (accessed 13.12.2005).

[xiii] More recent history has provided another example of the success of networking in the same field of activity. Since 1994 an association of religious-based rehabilitation centres has succeeded in receiving annual grants from the government on the background of active state networking and probably inspired by the success of the GCN.

[xiv] For an approach to such relationships from an economic theoretical perspective see Dollery, and Wallis 2003.

[xv] One government member participating in a GCN conference early in the 1990s told the audience that he had been told at the "member-of- government school" to "give due respect to the voluntary organizations".  A recent expression of the same attitude is found in statement made by the current Minister of Health and Care Services related to a question raised in the Parliament to the Minister about the role of voluntary/private organizations in the field of substance abuse rehabilitation (Discussion following interpellation no. 4, 5 December 2006). In her answer the Minister explicitly referred to the GCN as one of the organizations receiving financial support by the state to this end.

[xvi] This is explicitly confirmed in public documents, see e.g. B.innst.S.nr.11 1993-1994.

[xvii] "Krone" (NOK) is the Norwegian monetary unit.

[xviii] Since that government grants reached the current level GCN has repeatedly expressed its interest in a systematic evaluation of the results of its activities.

[xix] Such claims were frequently stated in the GCN's periodical *Ennå er det håp* (There is still hope). For early examples, see, for instance, 1989, no. 8 and no. 9. An outcome evaluation was conducted in 1995 commissioned by the Ministry of Health and Social Services. One of the main findings was that the GCN did not in any way stand out for its results (Angell 1996). The findings had no consequences for the relationship between the GCN and the state.

[xxxx] The same kind of more or less coerced diversity seems to have been the consequence of the regionalization of the responsibility for the field of substance abuse care that took place from 1985. The county administration was made responsible for the planning and running of the in-patient facilities. Parallel to the regionalization process there was a raise in demands for professional standards in the treatment organizations. Together these processes may be regarded as leading to a more structured organizational environment for the GCN.

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# From market to state networking: Strategies for acquiring public legitimacy and financial resources in a Norwegian voluntary organization

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