

## INTERNATIONAL NGOs AND GLOBAL SOCIAL POLICY: THE STRATEGIC MANAGEMENT DIMENSION\*

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## **Abstract**

The partial globalisation of social policy is seen in the growth in importance of welfare programs emanating from supranational and global governmental and non-government institutions. Yet, while there is a literature from within the social policy research community on the international institutional response to poverty and the increasing inequality of world resource-distribution, relatively little appreciation is given to the importance of the redesign of organisational management in elevating the importance of global social policy. The primary objective of this paper is to draw conceptual connections between 'strategic management' patterns within the international (super) NGO sector and the fight against poverty. The principal argument is that the recent emulation by international NGOs (INGOs) of the strategic management methods of multinational corporations feeds directly into the delivery of anti-poverty programmes, and that the fight against global poverty calls upon social policy researchers to pay closer attention to the strategies of private sector organisations and managers in assessing the effectiveness of global welfare reform. Primary among the salient management changes have been the increasing use of NGO-Government-corporate strategic alliances, increased contractualism, and various organisational redesign tools. The next phase of the ongoing project of which this paper forms part, will use in-depth fieldwork interviews with key managers within super-INGOs to establish the contours of the link between INGO management strategy and global social policy.

# INTERNATIONAL NGOs AND GLOBAL SOCIAL POLICY: THE STRATEGIC MANAGEMENT DIMENSION

## INTRODUCTION

Social policy has been partially globalised. This is most clearly manifested in the growing role played by multilateral and supranational institutions in both policy formulation and program delivery processes. At the level of the nation - where the social policy research community's analysis has thus far been concentrated - we have gained some understanding of the changing roles of government and the non-profit and (more recently) for-profit sectors within welfare service dispensation. Otherwise stated, the shifting parameters of national 'governance' has been recognised as significant in affecting outcomes in regard to the distribution of income and life-opportunities. To be sure, though the understanding of global governance is still very much in evolution, a literature on the role of the international non-Government organisations (INGOs) has a presence. Yet, though the impact of national-level changes in patterns of public sector management have formed the focus of some work, relatively little attention has been given to the management methods of INGOs in affecting supranational social policy.

The primary objective of this paper is to analyse the relationship between strategic management in 'super'-(or global) INGO organisations and global social policy. This involves drawing conceptual connections between key strategic management tools adopted by super-INGOs and the implications of these for the effectiveness of their global anti-poverty programs.<sup>1</sup> The central argument of the paper is that the recent emulation by super-INGOs of the management strategies and structures of multinational corporations directly affects the effectiveness of global anti-poverty program delivery. In particular, global social policy is affected by management changes such as the increasing use of cross-sectoral strategic alliances, the growing importance of contractual tools, and the heightened sense in which organisational redesign shapes organisational social objectives.

The first section of the paper discusses the global social policy context. The second examines the strategic management dimension, particularly through insights from the area of international strategic management, which lies at the intersection of two fields: international business and strategic management. Finally, the third section examines some key links between the international management strategy in super-INGOs and global social policy, and in so doing draws lessons for research in both social policy and international business.

## GLOBAL SOCIAL POLICY AND SOCIAL POLICY RESEARCH

By tradition social policy research has had its home in the western world, springing mainly from social protection measures which had their birth in the mid-to-late nineteenth century (eg, Webb, S & B 1897; 1911; Polanyi 1944) but which had their high-point in the middle of the twentieth century (eg, Titmuss 1957; Baldwin 1990). Despite the general move towards policy internationalisation from the end of the Second World War - seen most clearly in the beginnings of European integration - the 'post-war settlement' in social policy entrenched a welfare state supporting a wholeheartedly *national* set of institutions. This encouraged the inherently national focus of research in the field; a focus for the most part which lives to today.

It should be conceded that social policy researchers have long been curious about policies and policy regimes in different countries. This tradition is most easily seen in cross-national comparative research, which has its roots mainly in the 1960s but which has seen its growth since the early 1980s (see Ginsburg 1994). Although comparativism can be viewed as part of the broader theoretical project of understanding the strength and reach of globalisation (Held & McGrew 2000), by its nature cross-national research must

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<sup>1</sup> Establishing the reliability of these implications is an inherently empirical pursuit. The next phase of the larger project on which this paper is based will use the gathering and processing of in-depth qualitative data in order to assess the empirical reliability of the propositions made in this (initial phase) paper.

emphasise national institutional and policy distinctiveness.<sup>2</sup> To be sure, the broader comparative policy and political economy literature has significant threads which emphasise the importance of not neglecting similarity and convergence of national regimes and regime-types, given the nature and strength of the neo-liberal consensus which has emerged in the post-Cold War environment. A particularly influential and persuasive strand from this camp is that which uses the so-called ‘material interests’ framework, emphasising that the cross-national analysis of policy and policy regimes has been overly influenced by the perception that national institutions matter in comparative analysis (see Wailes & Ramia 2002, forthcoming).<sup>3</sup> Even when the analysis focuses on pre-neoliberal stages of capitalist development, material interests theorists argue that institutionalist frameworks naturally tend toward an emphasis on difference. This precludes serious consideration of the strategies of politico-economic interests, and in particular those of capital, which it is argued are more homogeneous than is commonly believed by social democratic analysts. However, even scholarship which has its roots in the material interests tradition has a western focus.

International social policy is a field which has had a presence (eg Townsend 1993; 2002, (ed.) in press; Gough 2000). Townsend (1993), for instance, who has been one of the leading advocates of international welfare analysis, focuses on the general possibilities for international social policy responses to poverty. The work of other scholars in this area deals with the issue of a ‘race to the bottom’ in regard to social labour standards. The focal problem here is that as nations and regions commodify workers and lower employment conditions in their search for international competitive advantage, they are pushed by the logic of capitalist competition to lower standards of employment so as to lower production costs (eg Alber & Standing 2000; Standing 1999; Sengenberger & Wilkinson 1995; Sengenberger (ed.) 1995). The original basis of western industrial relations systems lies in this line of thinking (eg Webb, S & B 1897; Higgins 1915; 1920).

Yet, despite the importance of the international competitive environment for welfare and social protection both in and outside the world of employment, there is a dearth of literature which explores in depth the role of globally focused institutions and organisations in the social policy arena (see, especially, Deacon 1995; Deacon with Hulse & Stubbs 1997; Yeates 2001). Global social policy stems from what are by now well-established trends towards the empowerment of supranational and global institutions in the formulation and delivery of policy programmes. This encompasses a focus which is different to - and arguably more than - Mishra’s (1995) examination of the implications of economic globalisation for the downfall of the ‘golden age’ of the welfare state. The project seeking an understanding of global social policy involves establishing the links between globalisation theory and social policy. As Yeates (2001: 2) argues, it urges the analyst ‘to bring globalization into the study of social policy and social policy into the study of globalization’. In Deacon’s perspective (1995; Deacon with Hulse & Stubbs 1997), the researcher on global social policy must examine not just the globalisation of social policy, but its companion phenomenon: ‘the socialisation of global politics’. This refers to the basis of social policy in the globalisation of political and policy processes more broadly (globally) conceived. Thus globalisation has meant that organisations such as the Bretton Woods institutions – the World Bank and the International Monetary Fund (IMF) – and the United Nations and agencies such as the ILO are afforded a greater role than was hitherto the case in determining the international distribution of income, resources and life-opportunities.

For Yeates (2001) the relationship between globalisation and social policy is a dialectical one, such that nation-states and national institutions are not merely passive receptors of global trends. To the contrary, as well as reacting to globalisation, national institutions contribute to and help to shape globalisation. This supports the overriding conclusion of the so-called globalisation ‘sceptics’ (a term coined by Held and McGrew, 2000), who reject the ‘convergence’ thesis. Convergence theory constructs nation-states and national policy regimes as becoming more similar over time in the face of the neoliberalism inherent to globalisation.<sup>4</sup> Sceptics, on the other hand, highlight the impact of agency on the part of the nation and its

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<sup>2</sup> Indeed the author’s own doctoral research was an historical comparison of two countries in relation to the relationship between social policy and industrial relations, and strongly supported the emphasis on difference as opposed to similarity (see Ramia 1998).

<sup>3</sup> For a review and comparison of the ‘material interests’ and ‘new institutionalist’ frameworks in comparative policy research, see Wailes & Ramia 2002, forthcoming.

<sup>4</sup> For accounts of the convergence perspective, see, for example, Mishra 1995; 1999; Weiss 1997; Geyer 1998.

institutions and political and economic interests; thus politics and institutions still ‘matter’ in determining the power of global political-economic trends. Sceptics also argue that ‘regionalisation’ is a somewhat separate phenomenon to globalisation, but one which is just as important, if not more so.<sup>5</sup> Thus the expanding scope of the European Union, for example, need not be seen as an instance of globalisation, for it can be viewed as internationally important in and of itself.

For Deacon et al (1997) the relationship between social policy and globalisation is best examined by specific reference to the growing importance and influence of supranationally and globally based organisations and institutions. They view the supranationalisation of social policy as taking three forms: supranational regulation; supranational redistribution; and supranational provision (Deacon with Hulse & Stubbs 1997: 2). Regulation refers to supranational and global mechanisms, instruments and policies which govern trade and the operation of capitalist firms. It is noteworthy, however, as this paper will argue in the final section, that Deacon et al do not enter deeply into the *management* of the operations of either capitalist firms, international NGOs or supranational political institutions. Redistribution, which they view as centrally important, pertains to the extent to which the economic and social protection efforts of poorer countries can be subsidised by richer ones. Deacon et al’s third category relates to supranational welfare provision, which includes services, benefits or citizenship rights dispensed by supranational agencies such as the United Nations Commission for Refugees (UNHCR) and the Council for Europe. Interestingly, however, though the authors deal extensively with international NGOs, the role of the latter in relation to supranational provision is not mentioned in their initial discussion of the three dimensions of supranationalism (Deacon et al 1997: 3).

Both Yeates and Deacon et al acknowledge appropriately that the study of global social policy must take into account that different supranational and global bodies have different aspirations, orientations and objectives; and they do not follow the same path toward globalisation, nor even the same understanding of the phenomenon.<sup>6</sup> For instance, in leaning slightly on the comparative welfare regime-types framework of Esping-Andersen’s (1990) and Titmuss’s (1974) Three World of Welfare Capitalism, Deacon et al begin the process of attaching ‘conservative corporatism’/‘social liberalism’ to the World Bank’s approach to global policy programs (welfare as social cohesion/safety-net), ‘classical liberalism’ to the IMF (welfare as burden/workfare) and ‘citizenship entitlement/income’ to the ILO (welfare as rights) (Deacon with Hulse & Stubbs 1997; Deacon 1995). This lack of uniformity in the welfare approach of the supranational and global agencies adds weight to the case against the ‘simple globalisation’ thesis (Wailes & Ramia 2002, forthcoming), or what Held, McGrew, Goldblatt & Perraton (1999) call ‘hyperglobalism’ and what Yeates (2001) terms ‘strong globalisation theory’. Typified by the work of international business consultant and theorist Kenichi Ohmae, simple globalisation theory constructs an extreme convergence hypothesis, proclaiming The End of the Nation State (Ohmae 1995), whereby national politics and economics are rendered virtually powerless in the face of a Borderless World (Ohmae 1990) supporting increasingly streamlined, integrated and all-powerful global economic forces.

Apart from dispelling simple globalisation theory, the premise put forward by Deacon et al (1997) and Yeates (2001) that global agencies differ in their approach to globalisation also lends weight to the necessity of integrating global social policy analysis with frameworks from international relations (eg Strange 1996), particularly the concept of ‘global governance’ (eg Jayasuriya 1999; O’Brien, Goetz, Scholte & Williams 2000; UNDP 1999; NGLS 1995). More recently international relations theorists have come to view changing governance patterns through the lens of the ‘new multilateralism’ (eg O’Brien et al 2000). Whereas the old multilateralism was a ‘top-down’ affair, and nation-states were still powerful actors in the global governance system through their membership to multilateral agencies, the new multilateralism is seen as more ‘bottom-up’, allowing greater engagement with international social movements, civil society and international NGOs. In so doing the new multilateralism ‘opens the question as to the normative basis of an alternative world order’ (Cox 1997: xv-xvii) and celebrates the possibility of a more genuinely pluralist form of global governance.

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<sup>5</sup> For a highly authoritative and informative review of the debate between the convergence theorists and the sceptics, see Held & McGrew (2000).

<sup>6</sup> More will be said on the importance of classification in relation to INGOs in the final section of this paper.

A central player within any alternative, or actual, world order in the international relations of global social policy is the international NGO sector. The literature in global social policy - influenced as it now is in a limited way by international relations and the concept of global governance – does engage directly with the role of NGOs. In order to assess the status ascribed to the *strategic management* of INGOs within global social policy analysis, however, an outline of the terms of the existing literature's engagement is needed. This is provided in the next section.

## **INGOs AND THE IMPORTANCE OF MANAGEMENT**

Management theory has not played a significant role in the work of social policy analysts to date. Its importance to the field, and indeed to the social sciences more generally, is underlined by Clarke and Newman (1993). Writing in the early 1990s on the increasing diffusion of management concepts and notions into arenas outside of profit-seeking organisational activities, they argued that there was an emerging cultural and economic 'agenda of managerialization which aims to make management the driving force of a competitively successful society' (Clarke & Newman 1993: 428). In seeking to understand the importance to global social policy of management in the international NGO sector, a key starting-point is the concept of public management, or more precisely the 'new public management', which is discussed below. Before the discussion of the global social policy context, however, the lessons from the national arena should be outlined.

### **Lessons From the National Level**

Post-war social policy analysts such as Titmuss (1958; 1974) - who were writing during the so-called 'golden age' of the welfare state settlement - wrote with a Fabian-style 'social administration' institutional framework as their backdrop (see eg Bulmer, Lewis & Piachaud (eds) 1989). This was part of the broader Weberian 'public administration' environment, which formed the institutional basis for the traditional public or civil service and public sector (see, for example, Newman 1998).<sup>7</sup> Since the early 1980s public administration has gradually been giving way to the 'new public management' (see, especially, Hood 1991; Hood & Jackson 1992; Aucoin 1990). Representing the general movement of the evermore prominent market imperatives into the management and governance of the public sector and to the mix between public and private, the new public management agenda has seen the introduction of measures which alter the public sector's structure, elevate the importance of 'strategic management' and recast the notion of public ownership (Hughes 1998). Included among the important changes are: a sharper focus on (most often quantifiable) results or outcomes as opposed to (qualitative) processes; an elevation in cost-management and (economic) efficiency enhancement in the use of public resources; the devolution of management control, so as to 'let public sector organisational managers manage'; the separation of commercial from non-commercial activities; a significant stepping up of contestability and the increased use of contracting out of traditionally publicly provided services; and more emphasis on monetary incentive schemes (Boston, Martin, Pallot & Walsh 1996: 26; Hood & Jackson 1992: 182-3).

Though the dictates of the new public management have only relatively recently been applied to the social policy domain, its effects have now been clearly felt in the governance of most areas of the welfare state. As a result, Titmuss's (1958) traditional 'social division of welfare' has been recast (Walker 1997; Adler 1997). This is seen in the allowance of more discretion to welfare officials than was previously the case. Also, the managers of the organisations contracted to deliver services – often private sector, profit-seeking organisations – have been given newfound discretion over the lives and living standards of welfare recipients; indeed in some cases usurping the authority of public officials and blurring lines of public interest accountability (Carney & Ramia 2002, in press; Considine 2001). Frameworks used to capture these changes include the concept of 'quasi-markets' (Bartlett, Roberts & Le Grand (eds) 1998), 'contractualism' and 'managerialism' (Clarke & Newman 1993; Clarke 1998; Ramia & Carney 2001; Carney & Ramia 2002, in press; Yeatman 1998; Boston (ed.) 1995).

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<sup>7</sup> Newman (1998) provides an account of the differences between 'public administration' and 'public management' as they apply to social policy.

But management change resulting from the new public management agenda does not stop with the public sector. The NGO or non-profit sector<sup>8</sup> has been given little choice but to respond to the imperatives of competition set by government policy, and as will be seen the management dimension of the NGO response has been decidedly 'strategic' in focus. As the work of non-profit sector specialist William Ryan (1999) reveals, the line between profit-seeking corporations and non-profit organisations has been blurred. This has occurred principally because of significantly increased recourse by national Governments to competitive tendering and contracting; a key tenet of the new public management. Services once traditionally only provided on an uncontested basis by either the public sector or the non-profit sector – both previously having a higher certainty of funding and thus viability of existence – are now subject to competition. And competition now encompasses the corporate sector, which in some countries has been lining up to answer Governments' pleas for efficiency in service delivery. US-based defence contractor and private sector corporation Lockheed Martin, for instance, has won more than twenty contracts to provide welfare-to-work services in the United States, including case management, skills training and job placement assistance (Ryan 1999: 127-8). Similar developments – though more systematically applied - have been seen under Australia's so-called Job Network, under which over half of the total 300 or so employment service organisations contracted to Government are private sector profit-seekers (eg Kellie 1998; Ramia & Carney 2001).

Stemming from the new public management in general and contracting out and contestability in particular, non-profit organisations are presented with four possible strategic choices (Ryan 1999). First, they can stand on their own and compete with the Government and for-profit sectors. Second, they can make themselves available for acquisition by a corporation; and in this matter they may have little genuine choice. Third, they can become a corporation. And fourth and finally, the non-profit organization can engage in strategic alliances, thus often becoming part of inter-organisational and/or inter-sectoral organisational networks. Real lessons are contained in this strategic choice framework for NGOs at the global level, as will be seen.

## **The Global Arena**

Applying public management frameworks to global social policy and INGO analysis is problematic. There are two main reasons for this. First, though the new public management concept has been used explicitly by some authors for general public policy analysis (Minogue, Polidano & Hulme 1998; Pollitt 1993; Pollitt & Bouckaert 2000), the application of comparativism to the new public management in social policy has been very limited (Considine 2001 is a noteworthy exception).<sup>9</sup> Second, there is an obvious absence of an adequate global equivalent for the Government of a nation-state. That is, the new public management assumes a governing authority with an ultimate monopoly over violence in order to enforce change legitimately.

Yet as seen the previous section of this paper, governance in the global arena has been an increasing focus. Globalisation theory prescribes that - with the emergence of the 'new multilateralism' and associated shifts in global governance as described above – there are strong lessons for globally focused NGOs stemming from the experience of smaller NGOs at the national and sub-national levels. Some authors have demonstrated that 'global welfare markets' have been created (Yeates 2001; Deacon with Hulse & Stubbs 1997). Yeates (2001: 43-5), for instance, outlines four forms which international trade in welfare services may take place. First, there can be consumption of welfare services abroad, as in the case of school and higher education exchanges. Second, professionals such as doctors, nurses and consultants in public health systems can move abroad, thus constituting cross-national trade in welfare services. Third, some service

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<sup>8</sup> Terms such as 'non-profit sector', 'NGO sector', 'voluntary sector', 'third sector', 'community sector', and 'civil society sector' have been applied to describe what is arguably the same organisational category: the segment of organisations which does not belong to either the Government sector or the for-profit, market sector, and provides services or produces goods without seeking profit. If profits are made they are channelled back into the provision of services or production and not distributed as dividends. Given that they are often staffed by volunteers, they are sometimes referred to as voluntary organizations. For accounts of the characteristics of the non-profit sector, see, for example, Willetts (2002); Salamon, Anheier, List, Toepler, Sokolowski & Associates (1999); also, Weiss (1999).

<sup>9</sup> Another exception is Polidano (1999).

organisations may set up greenfield or brownfield operations overseas, as is common in higher education institutions which purchase campuses abroad. Fourth, cross-border services can be supplied remotely through tools such as distance learning in higher education institutions and teliagnosis in the health area. All of these involve contestability in regard to service provision, providing some analogy with the strategic choices faced by NGOs at the national level under the new public management.

Other imperatives have pushed INGOs into competitive strategies. Weiss (1999) points out that with the elevation in the role of INGOs as part of the new multilateralism, OECD countries have become more favourable to NGO involvement in the implementation of projects, and that increasingly these projects are of a 'retail' rather than a 'wholesale' nature, which as will be argued in the final section of this paper has strong parallels with the strategic changes being made by nationally based NGOs under the new public management. Weiss also points to a 'privatization of both relief and development' (Weiss 1999: 13). When combined with the increasing tendency for the United Nations to 'devolve its responsibilities to INGOs', it becomes clear that we have witnessed the creation of a 'market-driven aid system'; one which shares a great deal with the welfare services provided by NGOs at the national level as they respond to pressures at their own level.

Consistent with the competitive environment facing multinational corporations, Donini (1996: 91) speaks of the 'oligopolisation' of the INGO sector, 'where eight major families or federations of international NGOs have come to control almost half [of] an \$8 billion market'. This raises not only significant international relations and global social policy issues, but also important questions regarding the strategic choice frameworks facing global INGOs in managing their organisations for maximal performance. Smillie's (1995) position sums up the need for an analysis of the social policy implications of large NGO strategic management patterns by arguing that the global NGOs:

have traded long-term development impact for growth, short-term child sponsorship and emergency donors ... At corporate level many actually do bear an uncanny resemblance to transnational corporations in their opportunistic behaviour. Like many transnationals, they have maximized growth through the successful international manipulation of pricing, marketing and product (Smillie 1995: 212).

The following section of the paper will begin an assessment of the significance for global social policy of such trends. The rest of the paper will also examine how some models of 'multinational corporate behaviour' also affect the management strategies of global NGOs.

## **INTERNATIONAL NGOs AND GLOBAL SOCIAL POLICY: THE STRATEGIC MANAGEMENT DIMENSION**

The phenomenal growth in the importance of NGOs to social policy at the international level is clear. At present there are 20,000 or more international NGOs. From the management strategy and global governance perspectives the sector's significance is reflected in the 'privatization of both development and relief'. This is indicated by bilateral and intergovernmental organizations 'relying on NGOs so much that now the total share of development aid transferred through NGOs outweighs that distributed by the UN system, excluding the Washington-based financial institutions (The World Bank and the International Monetary Fund)' (Weiss 1999: 13). As Weiss outlines:

In the mid-1990s NGOs dispersed annually almost 15 percent of total public development aid – some \$10-12 billion and probably much more since neither food aid nor military help figures accurately in statistics; an ever-growing share (approaching half) was emergency relief. With a six-fold increase in emergency spending over the last decade, NGO humanitarian relief has become substantial. Even in relationship to the dramatic change by the UN system in devolving responsibilities to NGOs, the European Union's switch away from funding for emergencies channelled through governments toward NGOs has been remarkable – for governments from over 95 percent in 1976 to only 6 percent in 1990, and for NGOs from nothing to 37 percent. In the first 5 years of the 1990s, between half and two-thirds of ECHO's emergency funding was channeled through NGOs (Weiss 1999: 14).

These trends are more significant when it is considered that in the area of humanitarian relief, the eight super-NGOs 'account for what may be 80% of the financial value of assistance in complex emergencies' (Gordenker & Weiss 1996: 218). The global (or 'super') NGOs include: the Co-operative for American Relief Everywhere (or CARE), which has chapters in the USA, Canada, the UK, Australia, Denmark, Norway, Austria, Germany, France, Italy, Denmark and Japan; World Vision International, which has branches in countries including the USA, Australia, Canada, the UK, New Zealand, Germany, Switzerland, Kenya, Thailand, Costa Rica and Austria; Oxfam International, with chapters in the UK, Ireland, the USA, Canada, Quebec, Australia, New Zealand, Hong Kong, Japan, Belgium, Germany, Spain, and the Netherlands; the Save the Children Federation, with branches in the USA, the UK and the Scandinavian Countries (Donini 1996: 91; World Vision 2002; Oxfam International 2002; CARE 2002).

Given that the market for INGO services is dominated by global organisations such as these, it is not surprising that they have emulated multinational corporations; both *structurally* (how organisational tasks, units (offices) and members are linked for efficiency and effectiveness), and *strategically* (the performance-enhancing plans and courses of action which organisations use in search of sustained competitive advantage). Though there has been controversy since the 1960s as to which shapes which, there is no denying the wide agreement within the strategic management and international business literatures that there *is* an inextricable link between organisational strategy and structure (eg Chandler 1962; Stinchcombe 1965; Bartlett & Goshal 1989; Birkinshaw 1995; Harzing 2000). Key questions need to be asked in regard to global NGOs, therefore, on how their strategies and structures are linked, and how this link may be differently significant in different organisations.

Allied to this, there is a need to deconstruct the global NGO sector in order to assess which organisations have which type of identifiable multinational corporate structure. International strategic management provides some clues in this regard. At the most basic level, multinational corporations have choices in regard to strategy-structure pattern which revolve around two competing imperatives. The first imperative reflects the need to reduce cost, which is the prime necessity for global provision of the product or service. The second is the need to be locally responsive, such that firms will always also seek to tailor their product to different geographical markets according to national or regional tastes (eg Hill & Jones: 2001: Ch 8). To the uninitiated observer, and particularly to those generally antithetical to multinational corporate conduct, the strong temptation is to tar all multinationals with the same brush by assuming that they are all capable of 'globalising', if they are not already there. But this would be reductionist and in any case would not aid the cause of resistance to the negative consequences of globalisation and the institution of the multinational corporation.

Controversy exists over the types of firms and industries which are seeing greater possibilities for global structure and strategy. Using an elementary model which classifies firms assuming a trade-off in strategy-structure pattern between pressures for cost reduction and pressures for local responsiveness, multinationals can be classified into four types (Hill & Jones 2001: Ch 8). The first type is the 'international corporation', which though it may have offices distributed globally, centralises most of its functions in the home country. Fast food outlets such as McDonald's tend to favour this approach. This firm-type will mainly be driven by the need to reduce cost. The second type is the 'multidomestic', which tends to see its markets as relatively distinct geographically, and accordingly is most strongly motivated by the need to be locally responsive in each market. Car manufacturers such as General Motors were traditionally classed as multidomestics as it stands to reason that cars will be different in different national and cultural settings. American cars were always bigger than Japanese ones; and the Europeans had different tastes, particularly in styling. The third type is the 'global corporation', which seeks principally to reduce costs by marketing a standardised, relatively homogeneous product on a worldwide basis. High fashion labels such as Armani are characteristic of this strategy.

Finally there is the 'transnational' category. Firms in this class search for the best of both worlds by simultaneously striving for localisation of products/services and maximal cost reduction; hence sometimes these firms are called 'glocals'. In these times arguably most firms will seek elements of both approaches, but the conscious pursuit of transnational strategy is strongly now characteristic of car-makers such as Ford, which is simultaneously striving to provide standardised car structural components but tailoring the 'look' of vehicles according to national and cultural specificities. Other international strategy classifications have

been invoked, describing firm strategies variously as ‘polycentric’, ‘geocentric’, and ‘ethnocentric’ (Harzing 2000; see also, especially, Bartlett & Ghosal 1989). Structures have also variously been conceived under categories such as ‘worldwide functional’, where worldwide responsibility is given to each functional area (such as marketing, manufacturing or human resources); ‘worldwide product-divisional’; ‘international divisional’; and ‘matrix’ or bi-dimensional design (Habib & Victor 1991).

These models hold major implications for the strategic possibilities available to international NGOs. More importantly than this, such concepts help in analysing which NGOs are pursuing the most economically and morally sustainable approaches to service delivery. Once that is decided, model can be used to aid the predictive process on which modes of service delivery are more easily possible under which strategy-structure pattern.

It is to be stressed that this (early-stage) analysis should not be taken to infer that it is acceptable to directly extrapolate from multinational corporations’ strategy-structure patterns to INGO patterns. Clearly there are fundamental differences between the two types of organisation, the most important one being the centrality of the profit motive in the case of the corporation and its absence in the case of the INGO. Though there is a need for further research in the area, the quest to draw useful linkages using initial indications from within the INGO literature are encouraging. While not subjecting the issue to significant interrogation, Donini (1996: 91), for instance, pushes in the direction of drawing important connections to the strategic management models as described:

In most cases these groupings [of offices within individual global NGOs] do not affect the individuality of their constituent members, who retain their *operational and financial independence*, except for World Vision, which is *managed centrally*. They do, however, engage in some co-ordination and organised division of labour within groupings, which greatly facilitates fundraising and helps in particular with *access to European Union and UN funds*. CARE, for example, has a *lead agency approach* whereby one of its branches is the principal partner in specific countries. The groupings are thus in a position to better co-ordinate policies on specific situations and to shape the market by their sheer presence in *particular sectors or geographical areas* (emphasis added).

Donini’s comments imply strongly that there are differences between the individual global NGOs in regard to strategy-structure patterns. For instance, one implication is that World Vision may come closer than the others to a truly ‘global’ strategy model, though upon further (required) empirical research it may well be revealed that the origination is pursuing more of an ‘international’ pattern. Regardless of this doubt, the common thread in the case of World Vision is the perceived imperative to reduce costs. CARE, on the other hand, appears to be following a multidomestic strategy and structure, seeking to maximise responsiveness to local needs and allowing regional and national offices more autonomy. Further explication can be yielded by deeper interrogation of the INGO and international strategic management literatures. Analysis is needed, for example, on the relationship between INGO donors, other stakeholders and INGO organisational management structures so as to inquire into the governance of the sector. More sophisticated frameworks will allow the analysis of the links between corporate (or internal INGO) governance and global governance. Deacon et al’s (Deacon with Hulse & Stubbs 1997) classification of the approaches of key multilateral agencies engaged in the global social policy arena can be brought to bear in examining the contours of key strategic relationships between global INGOs and bodies such as the United Nations, the World Bank and the IMF. Finally, there is a huge necessity for analysis on the relationship between *operational* management and the delivery of global social policies. This, however, is beyond the scope of the current paper.

## CONCLUSION

Globalisation has extended its reach into areas of social protection once exempted from marketisation. The research specialisation of global social policy has emerged since the mid-1990s to deal with the *recasting* of traditional social governance regimes, involving increasingly closer ties between developments in the structure of the global economy and social policies of all kinds. International welfare markets have been created and relationships between the international NGO sector, the UN system and the Bretton Woods financial institutions have been reinvented. Though a good deal of work has emerged on the status of the

NGO sector within these arrangements, relatively little is known about the implications of management strategy for the effectiveness of anti-poverty program delivery.

This paper has sought to analyse key aspects of the relationship between global social policy and strategic management in the global NGO sector. The principal finding is that the fields of international business and strategic management have a great deal to offer the study of this relationship. This is seen, firstly, in key analogies for the global arena with the new public management as it has affected the strategies available to NGOs at the *national* level. Secondly, there is significant utility to be gained by invoking key concepts from models of multinational corporations' strategy-structure patterns in the context of globalisation. These patterns offer the global social policy analyst methods of conceptualising how effectively international NGOs deliver their services, and how their increasingly important relationships with global agencies and the international economy may impact on poverty levels.

Arguably the strong temptation of social policy scholars is to all but dismiss the activities of multinational corporations as largely irrelevant to the pursuit of international social protection and the fight against global poverty and social injustice. But this dismissal comes at a price. The allied field of industrial relations has traditionally concentrated on the institutional aspects of employment regulation, and in terms of strategy it has focused largely on the activities of trade unions and not management. This is despite the crossover literature emanating from the field of employment relations, which incorporates frameworks from traditional industrial relations and human resource management. There has been an antipathy on the part of many scholars in industrial relations toward the injustices produced by corporations. Yet reducing the inequities requires a more holistic *understanding* of managers and management, and how management strategies affect the search for justice. A similar claim could be made in regard to social policy, and given that it is issues of global poverty which are at stake, the price could be far higher than the one paid by industrial relations.

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