Abstract

Purpose – For non-profit organizations (NPOs) external funding is an essential resource. Studies highlight how control is attributed to funders and so external funding threatens the autonomy of the recipient organization. The purpose of this study is to investigate how external control can be structured and exercised, and to explore how control interacts with organizational autonomy.

Design/methodology/approach – The research is based on interviews and participant observations with NPOs and their funders over a period of time. It reports from four different funding relations: contract-based, social investment, gift-funded and civil society–public partnership. The concept of organizational discretion is used to analyse how control and autonomy are interconnected in these relationships.

Findings – The analysis illustrates the value in exposing the different discretionary boundaries related to external control and how control can become a sparring partner in the organization’s striving for autonomy. A concluding argument is that control and autonomy are each other’s companions rather than antagonists. The study leads us to question a general assumption that NPOs strive to avoid resource dependence and external control but instead may use such control to develop strategies for independence and self-realization.

Originality/value – The empirical material is unique as it includes voices of recipient organizations and funders, and offers a comparison of different controlling relations. The study presents an innovative analytical framework based on the concepts of discretionary space and reasoning, which supports a critical discussion regarding the idea of external control as detrimental to the autonomy of NPOs.

Keywords Control, Resource dependence, Autonomy

Introduction

The organizations in focus for this study are non-profit organizations (NPOs) working with social services and for whom external funding is essential. The study draws on empirical material from Swedish NPOs delivering support and services to vulnerable groups such as the homeless, the elderly, children and immigrant youths. The opportunities for Swedish NPOs to engage in welfare services have increased in recent years in line with national policies encouraging this, and with the privatization of the welfare sector. Also, new societal challenges including reaching new vulnerable and often isolated groups, form the basis for NPOs’ engagement with service delivery. Although there are differences between the organizations included in the study in terms of organizational size and forms of services offered, the dependence on external funding for the delivery of services constitutes a defining common denominator.

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This phenomena, that is NPOs’ dependence on external funding, creates a dilemma as it is both a key and an obstacle to self-realization. On the one hand relations with funders are based on mutual interests: funding enables the recipient NPO to act on its specific visions and goals, and the NPO offers an opportunity to put funders’ commitment to “do good” and to deliver high quality public services into action. On the other, relations contain potential conflicts as funders may be driven by other organizational logics than the recipient organization, and due to a power asymmetry that follows resource dependence the recipient organization risks losing autonomy (Kwangho and Moon, 2007; Malatesta and Smith, 2014; Oliver, 1991a, b; Verhoest et al., 2010).

The non-profit sector contains a “bewildering array of organisational forms, activities, motivations and ideologies” (Kendall and Knapp, 1994, p. 65) but some key features of NPOs include independence from government and market logics and that they are self-governing units in control of their own activities (Salamon and Anheier, 1998). To NPOs, questions that concern organizational autonomy, defined not only based on regulatory and legal guidelines but rather as the actual power to “decide itself about matters that it considers important” (Verhoest et al., 2010, p. 19), are of great importance. Studies on this matter often draw on resource dependence theory, which maintains that the extent of the loss of autonomy depends on the characteristic of the relationship with external funders and on the funding arrangement. So called highly intense relationships, based on written contracts, imply considerable constraints on organizational freedom (Oliver, 1991a). Consequently, informal and tacit agreements would allow greater organizational autonomy.

External control in connection with resource transfer can be summarized in the concept “accountability relation”, in which the funder expresses demands and expectations of what the recipient must do in return for financial support (Ebrahim, 2003). Based on the assumption that external funding means that organizational freedom is curtailed, this study sets out to explore how control and autonomy is expressed in different types of accountability relations. More precisely, the aim is firstly to outline how external control is structured and exercised in four differently framed accountability relations. Secondly, the aim is to explore how organizational autonomy is expressed and how the different forms of control interact with organizational autonomy. The detailed accounts, from the perspective of the controlling as well as the controlled party, offers an exceptional opportunity to question theoretical assumptions that the autonomous organization thrives in a context where external control is weak and distant. The analysis builds on the concept of discretion, which brings together “the usage of freedom and the exercise of control” (Hupe and Evans, 2020a, p. 7) and illustrates the close interplay between external control and organizational autonomy. A key argument of the analysis is that control and autonomy are each other’s companions rather than antagonists. These findings enrich both our understanding of NPOs operating in complex institutional settings and theories of organizational autonomy and resource dependence.

**Resource dependence and NPOs: a research review**

Research on the relationship between NPOs and stakeholders funding their activities is extensive. (Agyemang et al., 2017; Ebrahim and Rangan, 2014; Williams and Taylor, 2013). Many studies focus on how resource dependence leads control being placed with donors and NPOs struggling to maintain autonomy (Benjamin, 2008; Sjöblom, 2009). External funding lead to the loss of autonomy in strategic decision-making that concern operational priorities and internal resource allocation (Verscheurer and de Corte, 2014) and in the long run this may result in organizational identity and logics being transformed (Hwang and Powell, 2009). Research on this topic is dominated by a focus on the effects of NPOs becoming dependent on government funding and thereby having to follow the rules of the game specified by this institutional context. Public institutions are broadly described as following New Public
Management-logics, and for NPOs this means that control is expressed through demands of extensive documentation and forms of evaluations that are predetermined by external actors (Osborne et al., 2013). This restraints NPOs’ autonomy as it redirects organizational resources from client-engagement to administrative tasks such as “counting spoons” (Christensen and Ebrahim, 2006). In recent years, public funding through payment-by-results models (PbRs) illustrates a more elusive type of public sector control. The service provider is granted autonomy as there is “minimal prescription” as to what methods to use to reach agreed results (Fox and Albertson, 2011, p. 397). Actual autonomy is however restrained as the logics of the contract inadvertently discourages organizations from taking on so called hard-to-reach clients as they do not guarantee what is defined as “successful outcomes” in fixed evaluation models (Kara and Arvidson, 2015). Christensen and Ebrahim (2006) argue that dependency coupled with standardized formats for accountability enforced on recipient organizations lead to organizations prioritizing accountability “upwards” to donors. As lateral accountability towards staff members, and downwards accountability, towards clients, is forced to stand back, organizational mission that involves participation and empowerment is harder to achieve. Others highlight how organizations relying on public funding may accept loss of autonomy, described as “mission drift”, as they see opportunities to mitigate against this through an increased access to government policy makers (Bennett and Savani, 2011).

Studies that involve other than public sector donors are scarce, but there are a few notable contributions that shed light on how donors of different background can exercise external control over recipient organizations at different points in time. A study that maps philanthropic charitable giving over time shows that giving is increasingly based on personal interests rather than public need (Ostrander, 2007). Personal preferences come to guide the choice of cause to support and the knowledge of this, combined with competition for funding, mean NPOs surrender control to donors as a way to vie for donations (Ostrander, 2007). The controlling aspect in philanthropy is reinforced as philanthropists’ financial advisors typically urge donors to “exercise the same entrepreneurial spirit in their social investing” that brought them wealth in the first place (Ostrander, 2007, p. 370). Donors behind social investment expect a tangible return on their donations as “investment” indicates expectations that it will grow or perform in the future (Renneboog et al., 2008). Also private contributions, i.e. giving in money or kind, privately or through for example workplace arranged schemes, tend towards increased donor control. Such contributions come with “attached conditions”, and have the hallmarks of market thinking rather than acts of altruism (Barman, 2002). The loss of autonomy that follows relates to reduced opportunities for innovation and flexibility based on the needs of the client group in focus for support (Barman, 2002). Research suggests that the influence of commercial banks over NPOs working with microfinance, aimed at lending money to the poorest of the poor, may result in a bias towards financial over social performance (Copestake, 2007). This could be the result of key stakeholders’ preferences for particular types of performance assessment tools that forward financial over social impact.

**Control, autonomy and discretionary space**

The conflict between external control and organizational autonomy, exacerbated by stakeholders’ competing institutional logics, are central themes in the research reviewed above. Studies show how control is exercised by different means including written contracts with highly specified goals, or less formal but moral agreements, sometimes with vaguely defined objectives. Organizations are often portrayed as recipients, not only of resources but also of demands for compliance with the priorities and logics of donors, and research offers little in terms of detailed understanding of how autonomy can be expressed in these circumstances. Largely, this follows resource dependence theory that contends that when the organization comes to rely on funding from external sources, decision-making regarding the
management of operations as well as definition of missions and goals is shifted to resource providers (Oliver, 1991a).

Resource dependence theory emphasizes autonomy as an ideal situation for any organization as reduced autonomy has a negative effect on the organization’s ability to maintain organizational values, goals images and identity (Pfeffer and Salancik, 1978). Also, autonomy can only be achieved by avoiding “conditions which demand compliance in the first place” (Pfeffer and Salancik, 1978, p. 99). Control and autonomy are presented as each other’s opposites. We argue that this assumption must be questioned. The concept of discretion epitomizes the idea that control and autonomy are intimately linked, as it refers to both freedom and the controlling boundaries surrounding the space where freedom can be exercised (Evans and Harris, 2004). Below we elaborate on the meaning of discretion and outline an analytical framework that enables us to explore the empirical material in a comparative and detailed manner.

Discretion can be defined as “a degree of freedom in performing one’s work” also in situations ruled by extensive organizational or regulative control (Evans, 2013, p. 739). For example, control exercised through standardized manuals and performance assessments affects professional discretionary space (Ponnert and Svensson, 2016). Organizational discretion, argues Goodrick and Salancik (1996), arises in situations of uncertainty and offers actors opportunities to “pursue their particularistic and strategic interests” (p. 5). Although organizations and individuals are ruled by controlling mechanisms of different kinds (tacit expectations, formal, authoritative), these are seldom distinct but often ambiguous and so give rise to uncertainties that need to be dealt with at organizational and/or individual levels.

Scholarly debates concerning discretion suggest the relationship between freedom and control is complex (Hupe and Evans, 2020a, b). Discretion is not to be equated with infinite autonomy but is always regulated and controlled. In fact discretion summarizes how autonomy reflects, and is contingent on, control of some kind (Hupe and Evans, 2020a, b). The discretionary act presupposes a hierarchical relationship, as it is exercised by those who are subject to control (Rutz and de Bont, 2020). Furthermore, discretionary acts do not follow predetermined paths. Rather, they involve reflections that show how discretion is “nested not only in a set of rules but also in an extended network of actors” (Rutz and de Bont, 2020, p. 279). It is therefore essential to conceptualize discretion as context-specific, formed by tangible and intangible boundaries as well as the experience and capacity of the actor reflecting on discretion as an opportunity.

We conclude that the notion of discretion is based on an interlink between controlling and autonomous dimensions. The analytical framework proposed here draws on this duality. More specifically, the framework operationalizes the aim to outline how external control is structured and exercised and how organizational autonomy is expressed through a distinction between discretionary space and discretionary reasoning (Wallander and Molander, 2014). Discretionary space is made up by controlling boundaries or structures of different types. Discretionary reasoning signifies how organizational striving for autonomy is developed and expressed within this space. It is at the interface of discretionary space and reasoning that we can further our understanding of how control and autonomy are interlinked. For the purpose of this study we identify discretionary space by distinguishing between controlling boundaries and a controlling actor. The controlling boundary is defined by the specific conditions or contract underpinning a donor–recipient relationship, e.g. commissioned service provision, gift-aid, philanthropy, social investment or the like. It is likely that this boundary bears the hallmark of surrounding institutional norms. For example, within public institutions accountability is guided by principles of transparency, evidence-based interventions, quality control and efficiency of public service delivery resulting in standardized formats for monitoring and evaluation. The controlling actor is the person(s) responsible for exercising control based on the formal requirements. This is done through
follow-ups of various kinds. Actors form an important part of the controlling relationship as it is based on the actor’s interpretations and capacity that control is finally conveyed.

Discretionary reasoning is defined as “the cognitive activity carried out by an agent when he or she is making judgments and decisions under conditions of indeterminacy” (Wallander and Molander, 2014, p. 809). It refers to the reflection and action taking place within the discretionary space. Reasoning builds on information and analysis of the context including formal regulations, informal norms and the characteristics of key actors, and the identification of different scenarios depending on action taken in relation to controlling boundaries (Wallander and Molander, 2014). Discretionary reasoning can be expressed by way of “if-then” scenarios (see Jarzabkowski et al., 2007): the organization reflects on what may happen if rules and directives set up by external stakeholders are not obeyed, e.g. accountability formats manipulated or openly questioned. This reasoning concerns a road not travelled and there may be little experience to refer to. In our interpretation, it is in such reasoning that autonomy begins to manifest itself, first in thought and then, after consideration, in action. It is, in other words, in reasoning we can detect the first articulation of organizational autonomy.

Methodology and empirical context
The research was guided by a broad theoretical understanding that external control conflicts with the organization’s autonomy and the argument that the dynamics involved in this conflict are clearly expressed in so called accountability relations. The empirical work was designed to gain a detailed understanding of a variety of accountability relations and to allow for multiple views on how both control and autonomy are communicated. Hence, attention was paid to both external, controlling stakeholders and actors within the NPO, at the receiving end of this control. However, since fieldwork was based in NPOs both geographically – this is where we spent most of our time – and theoretically – with an emphasis on understanding autonomy in a controlling context – the majority of our empirical engagement took place with the NPOs.

As mentioned, the Swedish context is characterized by ambitions to facilitate the engagement of NPOs in public welfare services and various models for funding service delivering NPOs are available including commissioning, grants and formal partnerships. All financial support from the public sector entails different types of feedback requirements, such as quality control, financial monitoring and evaluations. The Swedish non-profit sector also receives considerable funding from private donations (individuals, companies, foundations). The forms of feedback have remained relatively vague in these relations. Along with ambitions to increase fundraising from private donations many organizations work towards improving the way organizational achievements are assessed and communicated. This is clearly articulated in the Swedish Fundraising Association, a branch organization aimed to support organizations in developing routines for communicating accountability, transparency and control as a means to build trust with existing and potential donors. This context, with multiple sources of funding and a sector that is becoming increasingly alert to accountability requests, has benefitted the study in several ways. Firstly, we have been able to select organizations with considerably different sources of funding and accountability relations. Secondly, as most organizations, large and small, have routines for documentation related to control and accountability, the study has been able to draw on such material, specific to each of the case studies. Thirdly, we have also gained important insight into general matters concerning fundraising and accountability through informal communications and two interviews with the Swedish Fundraising Association specializing in these matters. This gave us important insights into how organizations deal with the increased pressure for accountability.
To address our first research question, i.e. mapping external control, we carried out five interviews with external stakeholders, studied documentation and contracts detailing responsibilities and expectations relevant for each of the case studies, and where possible participated in meetings. To address the second research question, how autonomy is expressed and how control interacts with autonomy, we interviewed all in all 15 individuals acting on behalf of the NPOs in the accountability relations we followed. In each of the four case studies fieldwork also included informal conversations and participation in internal meetings.

The majority of the empirical work was carried out by one person in the research team. The number of interviews (five external stakeholders, 15 with the NPOs in question) is relatively evenly distributed over the four case studies, however with some predominance for two (elderly, homeless) where the organizational contexts are more extensive and complex than the others. Interviews lasted between 45 and 75 min. All interviews were transcribed *ad verbum*, and entered into the qualitative data analysis tool NVivo for coding and analysing by the two researchers involved with the project. The interviews have been analysed with support from field notes from conversations and observations and thus benefitted from the richness of data that the ethnographic approach provides.

The empirical material has been collected over a period of four years (2014–2017) and involved engagement with three different organizations. The longitudinal approach allowed us to observe the complex processes and considerations set in motion by external actors’ requests for accountability. Through spending time with these organizations we had continuous discussions about the meaning of autonomy in their specific relations with external funders. It allowed us to go beyond rhetorical statements about missions and into reasoning that concern how autonomy and identity is developed and expressed in, and due to, conditions of external control. As researchers we became knowledgeable about organizational history and visions, the network of actors related to the relations we have followed, and how identity and autonomy is nested in this context (Hermanowicz, 2013). Therefore, the longitudinal approach, combined with the ambition to gather multiple perspectives on these processes, has been essential for the nature of the empirical material as we could engage in active interviewing and joint meaning-making with participants (Holstein and Gubrium, 2004).

The selection of organizations was guided by the aim to include a variation of accountability relations, i.e. relations forged through controlling contracts. The largest organization is church-based and has a long history of social engagement. It is highly professionalized, with activities covering a wide range of services and client groups. In this organization, we identified two clearly demarcated activities, with different sources of funding, representing two distinct types of accountability relations. Firstly, the *commissioned contract* concerns the public delivery of care services for the elderly. The contract is awarded by the municipality, based on a competitive bidding process. It spans over four years, and includes a standardized format applied to all commissioned service delivery partners within eldercare in this municipality. The empirical material used for this analysis includes interviews with Head of Assistance and representatives of the municipal procurement department, and a series of interviews with senior managers of the NPO. Secondly, *private donations* attained through fundraising for the specific aim of supporting the homeless by way of a hostel, a day centre, and other supporting services. Funding primarily comes from anonymous individuals by way of small donations. In some cases, donors may be companies that contribute larger sums. Identifying a representative of the controlling side of this relationship was quite a challenge, as donations are mainly anonymous. Instead, we participated in meetings with the NPO and the Swedish Fundraising Association, described above and of which the organization is a member. We interviewed the consultant hired to support the organization in assessing and reporting social impact according to a format outlined by the Swedish Fundraising Association, and with the view to
communicate with presumptive donors. Interviews were also conducted with senior managers of homeless services, communications and donations.

The second organization is relatively recently founded and aims at supporting immigrant youths through legal support and counselling. At the time of our fieldwork, the prime source of funding was a private foundation. Hence our third accountability relation is based on social investment from a private foundation which in turn is supported by business. Funding involves a two year long engagement by the investors, with the view to support carefully vetted recipient organizations to reach financial sustainability and to develop resilient interventions ready for scaling up. Interviews were conducted with the controlling investors, and with the general director and chair of the NPO. The third organization is a small, volunteer-based organization working to facilitate integration of children and young adult asylum seekers into their local communities. It is part of a large, nation-wide organization working with a wide range of issues related to social exclusion. This small organization has recently embarked on a newly installed municipal funding arrangement aimed to incorporate civil society in the public welfare service provision. Therefore, the fourth accountability relation we study is a Civil Society Public Partnership. The empirical material reflecting this relationship consists in interviews with the municipal manager, the volunteers running the local organization and senior managers of the supporting NPO.

Exploring relations of resource dependence
In the following, we present the empirical material case by case. The analysis has two aims. First, to lay bare the discretionary boundaries as formulated and exercised by the controlling part. Second, to illustrate how discretionary reasoning takes form in response to the controlling dimensions that constitute discretionary space.

The commissioned contract: care for the elderly
The controlling boundaries of this relationship are made up of regulations stipulated in a standardized contract used in commissioned public social services. This includes protocols regarding the general organizational management such as gender equality certificate, investment in people and environmental certificates. A national client survey must be submitted yearly by the NPO to the National Board of Health and Welfare. Results are used for quality assurance of contracted service delivery and are published in a public ranking-list to offer clients support in their choice of caregiver. The contract also includes instructions that care services should be “based on the individual’s own perception of context and meaningfulness” and “characterized by continuity”. To ascertain this “all residents must have a care plan set up at the latest a month after moving into the care home”.

The controlling actor is represented by a municipal manager in charge of monitoring contractual partners and commissioning managers. They ensure that documentation and reports are submitted in accordance with the contract. Most controlling activities consist in ticking boxes. However, assessing the individual-based approach leaves some room for interpretation as to how control is exercised. The municipal manager emphasizes the importance of visiting the organization “to get a feel for” relations that underpin the quality of the services. On the one hand, she explains that during visits “You can kind of hear when staff talk about the residents in a way that is not respectful.” On the other, she is hesitant regarding visits as “it is hard when you come from the outside, because still, it is kind of special as you arrive . . . you are courted somehow . . . ” She is somewhat self-critical as she explains that “well I do not exactly have a format that I follow, like ticking boxes. Perhaps I should have, I do not know”. As regards the client survey, she is “very critical” of the standardized questionnaire: results cannot be fully trusted as caretakers may not understand the questions, and/or relatives with their own agenda fill in the questionnaire. To conclude, the controlling actor
expresses both self-criticism in her supervising role and criticism of the data collection method used to evaluate the services.

The external control based on standardized requests for monitoring and reporting shapes the practices of the organization. Daily routines ascertain that individual care plans are set up and followed; every six months data are compiled and submitted; and once yearly reports summarize activities, achievements and possible deviations and sent to the municipality and the national board of health and welfare. Apart from continuous work with monitoring and evaluations, the NPO manager is prepared for ad hoc visits by the authorities. However, visits to the care home are sparse. The manager comments on the lack of interest and explains that “once you win the contract for a commissioned service delivery they are not exactly on the phone checking on you”. She doubts how, if at all, data are ever used: “But I did not feel we got that much feedback. So well, I feel that once you get the large contracts well, it just roles on.” The manager and colleagues explain how continuous monitoring and evaluations by the contractor offer little to support a dynamic relationship.

The demanding control system, combined with the weak interest in how work is actually carried out by the organization, leads to irritation of frustration. A senior manager of the NPO describes how “I feel this contract [. . .] is almost controlled at a detailed level, it is a very detailed contract [. . .] almost unreasonable requirements you could say.” Although the control is part of a standardized monitoring system, the experience appears to be that of a personal reprimand. The control both assumes and fosters lack of trust. We identify these reactions as the initial steps of discretionary reasoning as they posit alternative scenarios in which the NPO plays a different, more independent role. One manager explains that she would like the municipality to approach them as equals, as professionals, rather than “just seeing us as ‘good’ people” referring to the organization’s roots in volunteering and charity work. The senior manager says that “This is what makes me wish that we had a different status, position, power, as a non-profit value-based organization, with all this competence and experience… do we really need to [be assessed] based on such detailed questions?”.

The discretionary reasoning grows into action. The experience of the controlling contract coupled with the lack of engagement by the contractor has triggered strategic work within the NPO to develop a bespoke format for accountability and impact reporting. This work resonates with the organization as a whole and extends beyond the specific accountability relation with the municipality. The Senior Social Service Manager of the organization explains: “We need to define effects and impact and in order to do so we need to describe our work processes”. As a result a string of workshops and deliberations within the organization are conducted with the aim to become stronger in evidencing distinctive features and achievements, and to rethink how they communicate their identity to the municipality and other presumptive funders. This work will, it is believed, give the organization a stronger position and greater autonomy in relation to surrounding actors.

Private donations: support for the homeless
As the donors in this funding-relationship are largely anonymous they do not establish a direct accountability relation with the recipient organization. The controlling boundaries and actors remain in a sense imagined yet very real: should boundaries or actors’ preferences be ignored this may result in a drop in fundraising. Since many fundraising organizations struggle to communicate with donors, a national branch organization has been set up with the aim to secure that donations are handled “transparently, ethically and professionally” (www.givasverige.se). The NPO that we follow is a member of this organization and as such has agreed to implement a number of controlling measures. The external control that it thereby becomes subject to consists in developing a long-term strategy based on a theory of change defined by the organization themselves. This is the basis for a comprehensive impact
assessment aimed at communicating achievements and costs to the general public. In our study, the controlling actor is represented by an external auditor consulting the NPO in questions regarding this impact assessment report. The auditor pushes the organization to be clear about its goals and objectives as without this it will be difficult to fulfil their commitment to assess impact. The first controlling action takes the form of a request to detail definitions of outcomes and “good practice”, and then to develop appropriate outcome measures incrementally.

At the receiving end of the auditor’s request, managers begin to realize the challenges involved with both defining and measuring impact and building trust with an elusive counterpart. It is clear, reasons a senior manager, that “we must have facts and figures in order, and in the case of a private donor you need to be able to know: where does the money go? [...] that is only logical.” The organization tries to gain an image of what feedback the presumptive donor is expecting through a questionnaire posted in a magazine, and draws the conclusion that they want to hear “about the success stories”! Although this is something they certainly can offer, managers wish to develop a relationship based on a more sincere understanding of homelessness. One senior manager reflects on the difficulty in communicating complex social issues to presumptive donors: “you do not want to upset donors, you do not want to communicate what people do NOT want to hear”. Head of Fundraising shares this dilemma: “we simplify everything, that is, sort of the only way we can raise money quickly. We have to simplify!” Currently, fundraising is based on the slogan “Give them a bed for the night!”. This, argues another senior manager, “goes against all I have learnt about social work” as it refers to simple solutions at individual level although the issue ought to address profound structural and societal issues. The accountability relationship should, in their view, involve educating the donor: “we need to work with the general public’s view about homeless people”. But what if the donor rejects this invitation?

The absence of clearly identifiable controlling boundaries and actors lead to discretionary reasoning characterized by uncertainty and anxiety. Moving away from a format of simple messages may have radical consequences: many may refrain from donating money. With a counterpart that does not speak it is hard to find a way to negotiate and communicate organizational autonomy. The senior manager of the recipient organization imagines that accountability can be offered at different levels. A simple message will communicate the goal of fundraising. A more elaborate message outlining what the organization does will be presented at the organization’s web page: “[it] will be directed to you as a private donor, so you can go in and take a look: where does my money go? Is this where I want to put my money?”. At a later stage, the impact report will provide the foundation for the organization to influence the anonymous donor through educating the public of the complexities involved with addressing homelessness. The national organization for fundraising charities thereby serves as a demanding “deputy donor” as well as it offers a means to work towards greater organizational autonomy in how the organization explains its mission and achievements.

The social investment: supporting children’s rights
The discretionary space that defines how external expectations and control form the NPO manifests itself clearly and at an early stage in the relationship between the external funder and recipient in this particular case. Applications for funding from the social investment foundation are judged based on what the foundation calls a “market analysis”. The foundation considers the project proposed by the NPO based on feasibility, outreach and sustainability: does it rely on a credible business plan that allows for scaling up? Once the contract has been signed and work is under way, funders demand a quarterly financial audit. Progress reports must also include a description of organizational development, geographical coverage and client outreach as well as case studies that identify the effect of the intervention.
A representative for the foundation explains: “[we] do not just ask them to submit a story, but also to identify . . . what is the effect that we can see in this story? And I think this is a success factor. It helps them to learn: what is the effect [of what we do]?” The accountability relationship is based on expectations of return on investment.

The foundation requires the recipient organizations to follow formats and processes for reporting both financial audits and interim results. However, the reporting is also bespoke to the recipient organization, as they are expected to outline their theory of change, clarify expected outcomes and identify means of assessing achievements. The social impact manager of the foundation emphasises that they seek to foster a “learning attitude” in the organization. The controlling actor is, in other words, insisting on feedback to satisfy its own monitoring and evaluation procedures based on a market-logic that emphasises return-on-investment. But, it also requires the recipient organization to take ownership of how it chooses to define progress of the organization as a whole and the specific project that is being funded.

Discretionary reasoning regarding organizational autonomy started before the recipient organization sought financial support from the foundation. The founder of the recipient organization purposefully avoided money that is “earmarked so to say” such as contracts commissioned for a priori defined social services: “We are not here to solve a problem that someone else has given us but we want to test our value, our ideas.” Choosing a social investment funder has formed the organization from an early start: “. . . I believe that we as an organization have learnt a lot through this business-like way of thinking that you sort of need to find a profile, to get good funding [. . .].” The requests for continuous feedback and involvement by the investors fit the ambition and commitment of the recipient organizations: “We want to be able to demonstrate the impact of the work we do. And we want to be able to survive. We want to grow. And for that we need to be able to show reliable data”. As a consequence, the organization has developed an evaluation model that supports their specific values and definitions of outcomes. The managers explain the challenges behind this work: Lawyers of the organization are engaged in legal proceedings for young refugees. Cases that are granted asylum are naturally a successful achievement. But, explains the manager: “it can almost be seen as successful to have tried five cases that do not go through, because then you have a result that illustrates that there is a gap in the system somewhere”.

Although the relationship is hierarchical as the external controlling actor orders the recipient NPOs to provide feedback and to behave in a particular way, this does not mean the NPO is surrendering its autonomy. Being able to define their own mission and ways of assessing success has been key for organizational development, and the social investor has played an important role through engaging in a dynamic and critical relationship. Choosing a funding that is also a collaborator makes the founder comment that the “business-like approach has helped us”. As the contract with this funder has come to an end, the action of the organization is aimed at capturing the interest of future funders. Being able to articulate goals and achievements is key in order to communicate the identity of the organization to future funders: “[We] really need to be clever, to choose [investors] that represent what we want stand for and what we do”.

Civil society public partnership: supporting young immigrants

In this context discretionary space is defined by a partnership contract initiated by the NPO and which builds on mutual commitment and respect. The municipality contributes with funding and the local NPO commits resources by way of volunteering. The model for intervention to facilitate integration has been developed by the NPO. The contract requires that the organization shows progress based on an initial goal of connecting 10 youths with 10 supporting families. It also requires that the organization can show that interventions are
based on a well-managed and systematic work process. There are, however, no standardized formats for how this information should be reported.

The municipal officer comments that the municipal funding must be shown to be handled in “a reasonable way”. What is also important is that “as the [voluntary] sector itself has in some way initiated and created these activities it is also the sector that should decide how the added value is assessed and evidenced”. Both partners are members of the steering group, where the local NPO is expected to give regular follow-ups of its activities and progress. The municipal officer points out the importance of continuous dialogue, where the steering committee is a forum for this dialogue: “...it is quite a matter of steering based on trust. I do not think it would work otherwise.” The officer is wary the relationship does not take the form of a commissioned contract where the relationship becomes based on obligations and municipal control.

Discretionary reasoning is initially difficult to identify. The voluntary leader of the local NPO explains that the organization has never received any demands from the municipality to evaluate or report anything: “I have never had any request or demand from the board to evaluate”. Keeping track of progress is however part and parcel of how they work: “...on my behalf, I feel it is simply the right thing to do”. A senior manager working with the leader of the local NPO considers the fact that this is a new type of contract and they anticipate that new routines for monitoring and evaluation will come: “...I think it will come, other requirements too, as we got this contract for two years. We are in our first year now but I do not know if we are expected to submit some sort of mid-term review after one year. But for sure it will come after two years. That is my feeling. It is more controlled now”. It appears the recipient organization is either unaware of, or do not trust, the careful balancing between contractual forms that is guiding the municipal officer.

The leader of the local NPO considers different “if-then”-scenarios that relate to the accountability relationship. In his understanding, the partnership is contingent on the organization taking responsibility for monitoring and evaluating their work, although this has not been put in writing. He explains how they submitted a project plan to the municipality “and in that we included control stations because we felt a responsibility towards the municipality then that we had to do this. And I think it’s because it’s so well controlled that we then got the contract. That’s how it has been explained to me anyway”.

The reasoning reveals how accountability practices are motivated by the NPO seeing it “simply the right thing to do”. The reasoning also exemplifies external control by proxy as it reflects how the recipient organization imagines that the funder thinks: without the activities being “so well controlled” they would not be trusted as partners. The resultant action includes continued reporting according to the “control stations”. Although this action is initiated by the recipient organization itself, it must also be understood as compliance to what the recipient organization imagines underpins the trust they have been granted by the municipality. Without this, they say, they would not have been offered a partnership contract, and without it the contract is unlikely to be renewed. And, as the chairman says, they expect upcoming checks, seemingly not quite trusting the more open view of accounting responsibilities the municipal official suggests.

Discussion
The analytical framework highlights the connection between control and autonomy. It also helps us to see some elements in the control–autonomy relationship not often discussed. It illustrates how the controlling actor – whether represented by an individual or an organization – seems crucial in framing the nature of the discretionary space. Furthermore, by applying the concept of discretionary reasoning we gain detailed understanding of how autonomy is shaped over time and in relation to layers of controlling boundaries. This supports an interpretation of organizational autonomy as dynamic and contingent on a controlling environment as it
communicates identity in relation to this environment. A summarizing and synthesized analysis of the four cases highlights these aspects.

The commissioned contract involves a formal request to comply with a comprehensive controlling regime including strictly controlling discretionary boundaries. However, the controlling actor is doubtful about the control she represents and hesitant in her controlling exercises. Moreover, the actor is perceived as uninterested. As a result, discretionary space appears a dead-end. Still, after some frustration about the state of affairs, this space gives directives for how the organization comes to develop reasoning and autonomy. We can argue that autonomy is provoked by control. The discretionary space related to the gift-funded organization is considerably different as the controlling boundaries are vague and its actor obscured. However, this does not imply a generous discretionary space with freedom to act. Rather, it accentuates anxiety and uncertainties regarding the consequences of autonomous action: communicating a complex reality may be unpopular and so cause donors to call off their support. Discretionary reasoning becomes like fumbling in the dark. The organization therefore chooses to construct a controlling counterparty by becoming a member of the branch organization The Swedish Fundraising Association: through the demands on member organizations to tighten governance and control, and through the request for impact reporting, the branch organization acts as a deputy donor. The NPO thereby breaks a strategic impasse as it invites controlling boundaries that guide a reasoning towards greater independence. In the case of the organization funded by a social investment, we can see how autonomy is fostered by control. Here, distinct and demanding boundaries are combined with an engaged controlling actor. Discretionary space is dictated by certain parameters that concern organizational behaviour set up by the funder. As the controlling actor is open-minded, this space is also characterized by a striving for joint learning and deliberation. This, it appears, means the recipient organization willingly submits to external control as it fits with their vision to become a sovereign organization with a distinct identity. The common denominator in the second and third case studies is how the organizations actively seek controlling boundaries in order to be able to articulate and practice autonomy based on it. And lastly, the partnership contract between the voluntary organization and the local municipality. From the municipality’s point of view, controlling boundaries are based on trust and somewhat unspecified mutual expectations inherent in a partnership. The controlling actor is making a conscious effort not to control. From the recipient organization’s point of view, there are hidden boundaries made up by the norms of an audit society. And while the relationship with the controlling actor is trust-based there are doubts as to how long trust will last without an evaluation to prove achievements. The voluntary organization has set up a self-induced control by way of monitoring and evaluation. This strategy is to safeguard against anticipated future controlling measures and gestures independence and credibility to their counterpart.

The analysis highlights the interconnection between control and strategies for autonomy, and offers grounds to question theoretical assumptions that autonomy primarily thrives in conditions where there is no external control (Pfeffer and Salancik, 1978). In our analysis, we have applied a broad definition of autonomy, i.e. on that builds on reasoning, considerations and not just actual decisions about resource allocation and the prioritization of activities. With this in view, we argue that control works as a sparring partner to the organization’s pursuit of autonomy: autonomy does not develop in spite of control, but in the light of the external control that the organization is facing. These arguments do not only concern our theoretical understanding of how control and autonomy are linked, but can be transferred to a practical dimension relevant to NPOs dependent on external funding. Rather than primarily seeking to avoid conditions which demand compliance (Pfeffer and Salancik, 1978), they may formulate strategies for independence that actively use the seemingly controlling context in which they operate.
Concluding remarks

This paper has explored how control and autonomy is expressed in different types of accountability relations. Through the concept of discretion, the analysis contributes to scholarly debates on theories of resource dependence and the interconnection between external control and organizational autonomy. The analysis draws attention to how the analytical framework combined with the ethnographic approach has enabled a detailed examination of how autonomy is defined and developed in practice. Our arguments for further research in line with this approach summarize our theoretical and methodological insights.

The ethnographic approach builds on a dual perspective on how control is exercised and perceived. This has been crucial to the understanding we can develop regarding how control and autonomy interact. The controlling actors in the four cases are of a different nature: hesitant, obscure, committed and reluctant. Although the analysis does not aspire to suggest causal links between types of control and strategies for autonomy, we can conclude that the way the actor communicates control seems to be key to the recipient organization’s interpretation of its room for manoeuvre. The ethnographic approach has also allowed us to capture how autonomy takes form through reasoning, over time and in relation to layers of control including stakeholders surrounding the organization. Through reasoning the recipient organization reveals perceptions about the controlling party, and concerns about what autonomy on their behalf actually means, in this particular relationship and beyond. We argue that the meaning of autonomy is most revealed at moments of frustration and challenges that demand creativity and innovative responses: it has no predetermined definition but is developed based on the challenges the organization faces.

The analysis above shows good reason to look beyond the assumption that external control equals loss of organizational autonomy. For organizational theorists, the concept of discretion introduces a way to explore the mutual interdependence of control and autonomy, and suggests new ways to understand and define autonomy. Discretion as applied here builds on the idea freedom is to a great extent made up of the many rules and expectations surrounding the organization (Evans and Harris, 2004) and of an understanding that discretion “reflects curiosity, creativity and imagination” (Evans and Hupe, 2020, p. 13). The idea of discretionary reasoning furthermore suggests the importance of detailing of the mundane work going on within organizations. There is already a tradition within organization theory that highlights the importance of this, as is evident in strands of research that look into institutional work (Zietsma and Lawrence, 2010), sense-making (Maitlis et al., 2013) and strategy-as-practice (Jarzabkowski et al., 2007). Finally, we want to encourage research based on resource-dependence theory, and in particular such research within NPOs, to reconsider the interpretations made of the effect of institutional pressure, external control and the definition of autonomy. It is also our hope that these findings provide inspiration for practitioners as it highlights the importance of communication and meetings between actors who represent the different positions in relationships based on external control, to counteract antagonistic and oppositional role-taking.

References


Control and autonomy

Corresponding author
Malin Arvidson can be contacted at: malin.arvidson@soch.lu.se