

An Empirical Analysis of the Salvation Army; A Guide to Non-Governmental Organizations' Survival, Growth and Future Success

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ABSTRACT: *Most NGOs rely on grants and donations to achieve their objectives. However, assessing these grants and donations do not come easily, which may affect their very survival. Here, a study is presented on how NGOs could ensure their survival, growth, and future success. Salvation Army is used as a case study. The Author relied exclusively on secondary research techniques for this study. The organisation's structure is analysed and its key stakeholders are identified through the stakeholder theory. The author recommends a well-planned management style, which will ensure that the interests of these key stakeholders are met continuously to continually attract needed funds. A transnational organisational structure is proposed by the Author as the most appropriate global strategy for growth for the firm to ensure its survival, growth, and future success.*

KEYWORDS: *Salvation army, stakeholder theory, organizational structure, vision, survival, growth, success.*

I. INTRODUCTION

The paper begins by discussing the probable stakeholder issues the organization may encounter and how it could solve them using the stakeholder theory. Afterward, a review of the organization's governance structure, strategic vision and its chosen global strategy for growth; and a discussion of how the organization's governance structure, strategic vision and its chosen global strategy for growth may need to be altered to ensure the growth and success of the organization in the future is presented.

II. SA Stakeholders

Indeed as a global not-for-profit Christian organization offering social services for human kind across the globe, SA undoubtedly has many stakeholders.

Stakeholders are individuals, groups, or institutions with interests in the activities of an organization or who are affected either positively or negatively by the activities of the

organization [14]. That is, SA's global stakeholders would include donors, governments, employees and their families/relatives, the needy/beneficiaries, other bodies including religious bodies and international bodies such as UNICEF, and retired employees. To determine the stakeholder issues SA may encounter and how the organization could resolve them, the stakeholder theory would be used. The Stakeholder theory is an organizational management and business ethics theory that helps identify, classify and assess an organization's key stakeholders' interests and influence, and how their interests and influence may affect the activities of an organization [12]. This is very important for SA because, the organization's stakeholders may have different expectations, therefore it is not unusual for conflicts to arise among the some of the stakeholders which makes it essential for SA to take into account the expectations and influence of its key stakeholders in its strategic options.

The various stakeholders of SA identified earlier will therefore be categorized into primary and secondary stakeholders, and the possible issues that may exist because of the differences in their expectations discussed. Primary stakeholders are those who are directly affected either positively or negatively by the activities of a firm [7] hence, SA's, primary stakeholders are the beneficiaries and employees. On the other hand, secondary stakeholders are those who are not directly associated to the core activities of an organization [15]; therefore, SA's secondary stakeholders include those who help the organization in diverse ways to achieve its mission, and those whose activities may obstruct SA's attempt to achieve its mission.

Table 1 below highlights some of the primary and secondary stakeholders of SA according to the description of stakeholder above.

Table 1 – The Primary and Secondary stakeholders of SA

Types	Examples
Primary	<ul style="list-style-type: none"> ● The Director / General <p>Employees - regular staff and volunteers</p> <p>Beneficiaries –</p> <ul style="list-style-type: none"> ● Victims of national disasters including hurricanes, tsunamis, and earthquakes ● Refugees ● Drug addicts and alcoholics ● The homeless ● The disabled
Secondary	<ul style="list-style-type: none"> ● Donors (individuals, organizations and governments) ● Employees’ families– ● Local Governments ● Other Bodies - religious bodies (Christian and non-Christian) and international bodies ● Creditors ● Retired employees

Table 1, has revealed that SA has many stakeholders which may increase its stakeholder problems. This is because, some of the stakeholders may have different interests in the activities of SA apart from the openly stated mission of the organization. As differences exist in the interests of the stakeholders, their expectations may also differ, which could possibly lead to conflict of interest among the stakeholders [6]. For instance, as the international director/general (refer to Figure 1 on the Appendix for the ranked military titles in SA) of such an organization, the general’s major interest in the organization may be for the organization to achieve its mission. However, employees especially the soldiers and other unranked staff who may or may not be in senior management and their families may be primarily concerned about their welfare and not the mission of the organization. Likewise, the donors especially for-profit making organizations may donate to SA not to necessarily to support the organization to achieve its objectives but to serve as a way of advertisement and to gain good public image. Therefore, such donors may wish SA publicizes every donation they make. On the hand, creditors’ main interest would be for the

continuity of the organization so that debt owned could be paid. Similarly, Local Governments especially of non-Christian countries may need SA’s services concerning the provision of social services but may frown on its Christian principles. Moreover, various beneficiaries may simply need help from SA but may not be interested in its Christian message.

Indeed, it is important for SA to resolve its stakeholder issues for the betterment of the organization however, considering its numerous stakeholders, it is almost impossible for SA to satisfy all of its stakeholders. Therefore, it is essential that the interest and the extent to which each stakeholder has the power to influence the activities of the organization be identified [3]. In doing this, the stakeholders who have much power to help SA to grow are the key stakeholders [13] whom SA must ensure extremely good relations for its survival and growth. Stakeholder interests may be obvious or hidden; the hidden interests are quiet hard to identify [3], however, on Table 2, an attempt is made to identify some of the obvious as well as hidden interests of some of the stakeholders of SA.

Explanatory note for Table 2 and how SA can manage its stakeholder issues

The stakeholders’ interests, importance, and influence are ranked from 0-6. The higher the number, the higher the stakeholder’s interest, importance, and influence.

For the stakeholders who have high interest and are also important but not very important for the growth of the organization such as employees, attempt should be made to satisfy their needs (welfare). Moreover, it is important that they are kept informed of decisions taken that may affect them (employees). For those who have very high interest but very low influence such as the beneficiaries, the organization should simply respond to their needs if it can. The stakeholders who have very high influence and high interest in the activities (individual and corporate, and local governments) of SA are the key stakeholders of the organization. They are very important (relating to funding) for the organization to survive and grow to achieve its vision. Hence, apart from fulfilling their expectations and giving them information on how their funds have been used, it is essential that the organization maintains extremely good relationships with them for their continual support.

Stakeholders including employees’ families who have very low influential power coupled with very low importance for SA to achieve its objectives may need minimal attention. However, for the Other Not-for-profit organizations, their influence and interest may be very low but they are quiet important because SA may need to collaborate with them in certain occasions hence, it is important for SA to construct good relationship with them.

Finally, the stakeholders who may be of no importance to the success of SA yet could be very influential in the activities of the organization (for example Islamic associations) could be a source of major risk to the organization. Hence, these stakeholders may need careful monitoring. Moreover, in the Islamic states where SA operates, the organization may consult them before making certain decisions that may affect their religious beliefs. It is unlikely that SA may change its decisions because of this consult but it may serve as a guide for decision-making.

Table 2 – Stakeholder interests, importance and influence - SA

Stakeholder	Interests	Level of interest	Importance	Influence/ Power
Director/General	<ul style="list-style-type: none"> ● survival of the organization ● for the organization to achieve its mission 	* 5	* 3.5	* 2
Employee (Soldiers and territorial commanders Other unranked staff, and volunteers	<ul style="list-style-type: none"> ● survival of the organization ● welfare 	* 4	* 4	* 2
Employees’ families	<ul style="list-style-type: none"> ● welfare 	* 3	* 1	* 1
Beneficiaries	<ul style="list-style-type: none"> ● constant support if the need be 	* 5	* 2	* 1
Individual significant donors	<ul style="list-style-type: none"> ● recognition 	* 4	* 5.5	* 5
Corporate (organizations) donors	<ul style="list-style-type: none"> ● recognition ● good public image building 	* 4	*5.5	* 6
Local Governments	<ul style="list-style-type: none"> ● social development 	* 4	* 4	* 4
Creditors	<ul style="list-style-type: none"> ● continuity of the organization so that debt owned are paid 	* 2	* 3	* 2
Other not-for –profit organizations example World vision, The Red Cross.	<ul style="list-style-type: none"> ● competing for funds 	* 1	* 2	* 1
Other non- Christian Associations especially Islamic movements	<ul style="list-style-type: none"> ● to protect their religion 	* 2	* 0	* 4

III. SA Organizational Structure

An interesting feature of SA is its governance structure and the nature of its employee composition, which comprises of ranked and unranked staff (refer to Figure 1 on the Appendix). Organization governance relates to the structure, relationships, authority and decision-making patterns, rights and responsibilities, policies, and processes through which an organization is controlled and directed towards achieving its objectives [9].

Indeed, effective governance is essential for an organization especially a global organization like SA

to function properly. SA's global governance structure (as shown in Figure 2 below) can best be described as a multidivisional structure. This is because, a multidivisional structure consists of different operating divisions, each representing a separate or self-standing business unit in which the unit head office decides the unit activities for that particular unit while conforming to the general policies of the international headquarters [2]. Similarly, in SA the organization is made up of separate units called territories based on geographical areas [20].

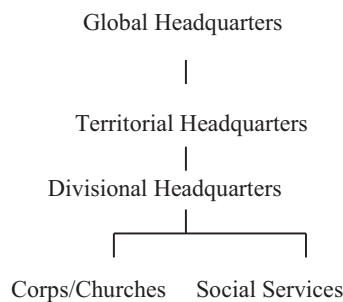


Figure 1 – SA's Organizational structure

Adapted from: The Salvation Army –Australia Southern Territory 2008.

At the top of the structure as can be seen in Figure 1 is the organization's Global Headquarters located in London, UK. From the global headquarters, the general operational policies for the organization are directed by the General through the Territorial Commanders [20]. There is also an appointed commissioner by the General who serve as the Chief of Staff (second in command to the Director) whose functions include implementing the General's policy decisions [20]. Then follows the Territorial Headquarters headed by Territorial Commanders usually having the rank of a Commissioner [20]. Territories usually correspond to countries however, in countries where the presence of the organization is greater such as the USA, Australia and Canada, such territories are further divided into a number of territories [20].

Divided territories have National Commanders to which their Territorial Commanders report to, but undivided territories report straight to the Global Headquarters. Moreover, each territory is further divided into smaller administrative regions referred to as Divisions headed by Divisional Headquarters [20].

In addition, The incumbent Territorial Commissioners and other officers in charge of the various territories constitute The High Council whose major role is the installation and removal of the General from office when he/she is found to be unfit to continue his/her tenure [17].

IV. Assessment of SA Chosen Structure

SA may have adopted a multidivisional governance structure because of its global strategy for growth, which is a high degree of local autonomy to its territorial divisions [10]. This supports the argument that an organization's strategy for growth usually influences its governance structure [8].

Undoubtedly, a high degree of local autonomy implies that power is much decentralized in the administration of the organization especially to the territorial commanders. Indeed the likely benefits for SA due to its chosen global strategy for growth coupled with its governance structure could be many. Among these benefits are that, while reducing the workload on the global headquarters, it could also allow the territorial commissioners the flexibility to undertake activities that benefits their unique territories. In addition, as a global Christian

faith-based organization operating in an environment comprising of other religious faiths, there is the need for SA to adapt and standardize its activities when the need be. For instance, in non-Christian territories (especially strong Islamic states), it will not be proper for the organization to persuade people to accept its Christian principles. In such territories, the organization can only offer help to the needy but forgo its Christian message. Undeniably, territorial commissioners may be in a better position to determine such issues hence, they require some degree of power to make decisions. Moreover, territorial decisions can be taken faster by the territorial commissioners themselves when the need be.

Nevertheless, the organization may also suffer some disadvantages due to its chosen strategy for growth and its governance structure. For instance, both the strategy and structure may confer too much power on the territorial commissioners to the extent that they may be able to take decisions that may not be in the interest of the organization. Moreover, the territorial commissioners may be in a position to boycott directives from the headquarters. For example, although SA frowns on homosexuality, it is an accepted rule in the organization that homosexuals are given employment opportunities in the organization [1]. Nevertheless, as a Christian based organization that is so concerned about the behavior of its employees, it is very likely that some of the employees may not like the idea of the organization employing homosexuals. Therefore, if such employees are territorial commissioners, by the power vested in them, they may not abide by this rule. In a nutshell, there is a danger of the global headquarters losing central control of the entire organization which may result in some of the organization's territories acting as different bodies distinct from the others despite the common uniform and flag the organization uses across the globe. In fact, this is not far from the truth because, even there seems to be disagreements among some of the territories concerning the acceptance of donations from particular sources [10].

V. Proposed Structure and Global Strategy for SA

In view of the current challenges and potential dangers SA faces and may face due to its global strategy for growth and its governance structure, the author proposes a transnational structure for the organization.

It would be advantageous for SA to adopt a transnational structure because; the

transnational structure seeks not only to achieve local responsiveness but also, a high global coordination [4]. Therefore, the proposed structure may help SA to properly monitor its activities especially the territorial commanders across the globe by establishing a new team of global commissioners that solely monitor and coordinate the activities and relationships of the global organization. It is important to note that strategy and structure has a reciprocal relationship [21] hence, if the proposed structure is adopted, it may influence the organization's current global strategy for growth; in the sense that, it is likely to limit the degree of authority/power the territorial commanders currently enjoy. Hence, possible resistance to the introduction of the new structure may arise. Here, it is advisable that a change management specialist is consulted to help ease the structural changes through if the organization decides to adopt the proposed structure. Perhaps the major disadvantage of the transnational strategy is that it is very demanding in terms of willingness to work [5] therefore, the new team of global commissioners must be a team full of dedicated and hardworking people (again, that is if SA decides to adopt the transnational structure). This could help the global organization to continuously function as one body pursuing a common vision.

Currently the organization's strategic vision is to be a community centered on Jesus Christ [19]. In other words, what SA really seeks is primarily to persuade people to accept and follow Christ. However, the actual work of the organization is largely focused on providing help to those who may need it irrespective of their belief as stated in its mission statement. Here, a closer look at the organization's vision may prevent its growth to places (countries, states or communities) that strongly oppose the Christian Religion. This is because, the strategic vision of the organization spells it out clearly that the purpose of SA is not really to offer help to the needy but to convince, convert or persuade people to accept Christ. The help emphasized in the organization's mission could therefore be seen as a deceiving tool the organization is using to achieve its strategic vision.

In fact, it is almost impossible for individuals, organizations and governments who have faiths that contradict with that of SA to support such a course (SA's vision) in terms of resources to ensure SA's survival, growth and success in the future. Hence, it will be proper for the organization to have a contemporary vision that

focuses on serving the needs of those who may need it rather than seeking to build a community centered on Jesus Christ.

Moreover, in this contemporary time, the organization's range of activities are expanding due to a major shift in the organization's activities that formerly concentrated on the poor to include the rich as well [10]. In other words, the volume of SA's services has gone up and may continue to rise due to the ever increasing societal problems and the unpredictable natural disasters the world faces. The situation definitely calls for more resources especially funds and labor. However, the flow of resources especially funds into the organization may be constrained due to the seemingly unending global financial crisis and especially, the organization's intended vision. Therefore, the author recommends that if the organization finds it difficult to change its vision to concentrate on serving the needy rather than seeking to be a community centered on Jesus Christ as suggested earlier, then the organization should separate its social services work from its missionary work. In fact, since it is the need for social services across the globe that has skyrocketed and not the desire to accept Christ and follow him, it would be proper if the organization can completely split its social services work from its missionary work to encourage donations from those who may be willing to donate just to help the needy. This may result in the creation of a new organization with a different name that would solely concentrate on providing social services to those who may need it across the globe, and the current organization could concentrate on its missionary work. In this way, potential donors who have not donated to the organization just because of opposing faiths would be encouraged to contribute to the newly created organization that only focuses on providing help to the needy. Likewise, donors who like the organization's idea of winning souls for Christ may donate to this course. Moreover, the idea of separating the organization's religious work from its social services could encourage more volunteers (Christians and non-Christians) to help the organization in offering help to the needy, which may help the organization to overcome other problems such as declining employees.

In addition, SA stand a better chance of surviving, growing and thriving if it can significantly generate part of the funds it needs to carry out its activities rather than heavily relying on donations. Therefore, in providing social services for needy communities, the organization should also look out for ways it

can raise funds in those communities. Here, the organization should adopt the Asset Based Community Development (ABCD) concept. ABCD is a community development concept that focuses on identifying and developing the assets in a community by using the community members themselves [11]. This will create jobs for the community members and historical or unique assets can be developed and could serve as tourist attractions thereby generating money for the organization.

VI. CONCLUSION

In summary, without a well-planned management style that seeks to ensure that the interests and expectations of the key stakeholders are met, the organization risks the chance of continually attracting the support of these key stakeholders. Moreover, if a higher local autonomy continue to be the organization's global strategy for growth, the organization's headquarters does not only risk losing control of the entire organization, but it may result in a complete separation of some of the territorial divisions. Lastly, a change of vision and the ability for the organization to continually generate funds to support its activities would ensure its survival, growth and success in the future.

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APPENDIX

The employee structure of SA can be described as a highly hierarchical structure that follows a strong ranked military style. Nevertheless, the organization also has unranked employees. The unranked employees are the adherents who adopt SA as their church; they can participate in all community

activities but may not assume official leadership positions in the organization (The Salvation Army 2008)

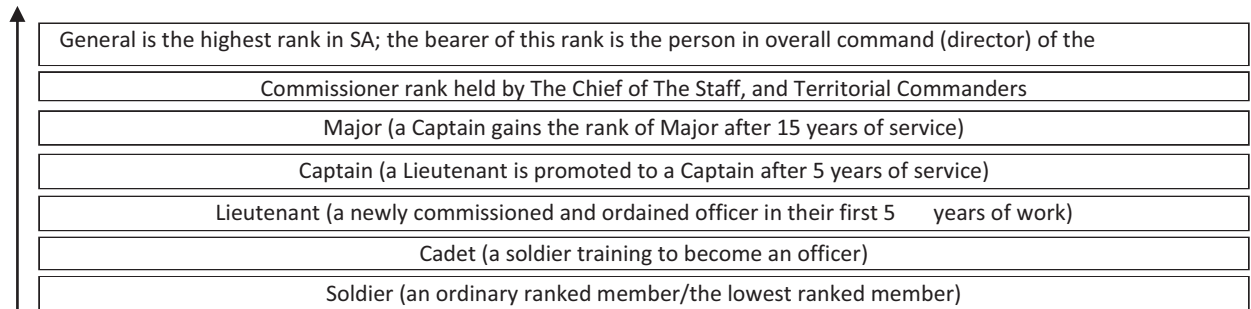


Figure 1: The Ranked Hierarchical Military Structure of SA

Adapted from: The Salvation Army 2008

AUTHOR PROFILE



Bernard has over 7 years of experience in academia and has contributed extensively to the global spread of knowledge. He is the founder of the New Africa Journal of Management. Prior to joining SMU as a lecturer, Bernard was the research and development manager at the Oxford Center for Leadership in Malaysia. His research interests lie in Strategic Management, Project Management in Marketing and International Business.