

# **THE INFLUENCE OF PROFESSIONAL SELF-INTERESTS ON THE MANAGEMENT OF A NONPROFIT ORGANIZATION: A CASE STUDY**

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## **ABSTRACT**

This case study examines how the structural characteristics of management in a state chapter of a national physician's association influence the decision-making processes and efficacy of the administrative procedures associated with meeting the organization's goals. In particular, this study situates the role of professional self-interests in regards to communication between a board of directors, comprised of physicians, and the non-physician manager of a nonprofit organization, and investigates how the relationship between the board and the manager influences the outcomes of the organization. The analysis is based on reference to other organizations in which the professional self-interests of participants influence decision-making in the organization.

## **I. INTRODUCTION**

The ability of any organization to meet its mission and objectives depends, to a large degree, on how the organization communicates its strategies with the personnel responsible for implementing those strategies. The structure of the organization often inhibits or promotes such necessary communication. In fact, a hierarchically structured organization is highly dependent on the flow of information through a specified chain-of-command. Although groups may organize in ways that are most effective for meeting particular goals, they are often influenced by tradition and culture with little forethought given to how the structure of the organization helps or hinders the achievement of goals. Furthermore, the goals of the group can sometimes conflict with individual goals, but they may not be manifest through communication. Rather, they may subvert the outcomes of strategies designed to meet the group goals.

This study examines the structural characteristics of a local chapter of a national physician's association. The purpose is to determine how the decision-making processes affected the organization's ability to meet its goals. In particular, this study investigates how professional self-interests and identity work to create dynamic communication between the physician board of directors and the manager of operations which influences the organization's ability to raise funds for charitable and educational activities.

## **II. REVIEW OF LITERATURE**

In a previous study, LeBlanc (1995) investigated how the structure of an organization contributes to goal-conflict by differentiating between the roles of organizational members. Conrad (1990) suggested that the very structure of an

organization influences the processes by which the organization makes decisions. These processes may help or hinder the meeting of organizational goals. For example, in a traditional, hierarchically structured organization, the flow of information is vertical. If the organizational goal requires departments or divisions of an organization to work cooperatively, such a structure may hinder progress. Or, especially if a particular group goal is better handled by an individual, such structures could also hinder progress. In fact, Visser (2000) found that single agents can be more successful in accomplishing a rejected but valuable project than a hierarchically organized group. Structure, therefore, can play a significant role in how members of organizations interact.

Class, which can be defined as distributional (i.e. income or social position) or relational (emerging out of individual ratification of interpersonal behaviors), is a socially constructed system of power relationships which simultaneously influence societal and interpersonal interaction (Weber, 1998; Lucal, 1994). Such power relationships contribute to communication breakdown and conflict due to perceived inequality between participants. For example, subordinates may be less willing to provide their superiors with complete information if those subordinates believe their superiors will view them negatively. Conversely, superiors may be unwilling to provide information to subordinates if they believe that providing such information will alter the power differential. Thus, identity with a certain class within the organization may influence individuals' willingness to communicate with other members of the organization about strategies for achieving goals. This may be particularly true if the individual views his or her personal goals as being in conflict with the personal goals of other organizational members.

In another study, LeBlanc, et al. (1997) found that professional communication between physicians and advanced practice nurses was strained. This was due primarily to concerns of status, economics, and turf. The study revealed that more concern was expressed by physicians (higher in relative status) than by advanced practice nurses regarding professional cooperation in meeting health care goals for the population. Identity and self-interest, therefore, may also play a critical role in how members of an organization interact with each other to meet organizational goals (Cerulo, 1997).

### **III. METHOD**

To accomplish the analysis of organizational communication for this nonprofit organization, several questions must be answered. First, what is the mission and objectives of the organization? Second, what is the structure of the organization? Third, what are the procedures for achieving the mission and objectives? Finally, what are the characteristics of communication which allow or disallow achieving the mission and objectives?

A multi-method approach was utilized for obtaining data regarding the organization and its internal communication. First, the author observed the organization as a participant from June 1997 through May 1998. During this

period, he served as Foundation Manager of Operations. As a participant observer, the author also had access to documents including memos, reports, histories, meeting agendas and minutes. Finally, the author conducted both formal and informal interviews with organizational members over the course of one year. The objective of this data analysis was to explain how structure and professional self-interest influences decision-making and achievement of goals in a nonprofit organization.

#### **IV. CASE DESCRIPTION**

The organization under investigation is a nonprofit state chapter of a national physicians' association. It is responsible for the accreditation of the medical specialty under its purview. As well, the organization promotes conferences and registers continuing medical education hours for its members to maintain their state licensure. Many of these conferences are planned and implemented by the state chapters with the support of the national association. The chapter examined here also maintains a separate nonprofit foundation which raises funds for various educational and charitable activities.

The structure of the nonprofit organization, referred to as the Academy, involved a president and vice-president who were physicians elected by the Board of Directors (BOD). The BOD were also physician-members. The election of officers was conducted by the BOD, and the candidates for officers were taken from the same board. The BOD consisted of twelve members, plus the Manager of the Academy. The latter was a female non-physician, and a non-voting member. She was responsible for the daily operations of the Academy and reported to the President.

The BOD created the Foundation to raise funds for charitable and educational purposes. Specific goals for use of the funds were not developed until several years after the creation of the Foundation. In 1996, the BOD decided that specific goals for use of the funds should be developed and a Manager of Operations should be hired for fundraising and daily operations of the Foundation. The Foundation Manager would report directly to the Academy Manager. Previously, the Academy Manager handled all activities of the Foundation. Hiring a Foundation Manager resulted from a decision to develop specific uses for the Foundation funds. The author was hired as the first Foundation Manager.

The Foundation was charged with raising funds for a statewide anti-smoking educational program. Other ideas for use of funds were discussed at a second meeting for the BOD held in October 1997, five months after the author was hired. These ideas included developing scholarship programs for medical students who declared the specialty represented by the Academy. Although no concrete guidelines for the scholarships were established by the BOD at the October 1997 meeting, the Foundation Manager was charged with the responsibility of exploring methods for raising funds for the program.

In an early interview the Foundation Manager and Academy Manager discussed the process of idea approval for Foundation fundraising projects. In prior years,

funds were generated through silent auctions which were conducted by the Academy Manager during the annual Academy Conference. The Foundation Manager was expected to continue using that method for raising funds as well as developing new ones. During the first of these interviews, the Academy Manager informed the Foundation Manager that all ideas must be approved by the full BOD before their implementation, which later was corroborated by the Academy President. Although the Foundation Manager was informed upon hire that his primary responsibility would be fundraising, the first five-months of the one-year appointment were spent on structuring and organizing the Foundation workspace.

Immediately following the October BOD meeting, the Foundation Manager established a relationship with a local grant-writing agency, upon a suggestion of the Academy Manager. After the initial meeting with the agency, a proposal was prepared and submitted to the Foundation. The proposal required an investment of several thousand dollars for the subcontracting of grant-writing labor. The proposal was sent to the BOD for approval, which denied the request. Within a month of the BOD denial (November 1997), the Academy Vice-President and one member of the BOD met with the Academy and Foundation Managers to suggest that the Foundation Manager make a trip to a chapter in a neighboring state to investigate their fundraising methods. The request for travel funds (under \$1000) was approved by the BOD. However, due to the timing of the educational program and the Christmas holidays, the trip was postponed until January 1998.

After returning from the meeting with the neighboring state, the Foundation Manager met with the individual BOD member from the previous meeting to discuss fundraising for scholarship programs in the neighboring state. The Foundation Manager expressed some concern over the BOD implementation of these ideas and the possible effect on the continuation of his contract. Following that meeting, at the suggestion of the BOD member, the Foundation Manager presented the findings of his investigation of fundraising methods to the Academy President (February 1998). The ideas for scholarship funding were based on a highly successful program implemented in the neighboring state.

The report was included on the agenda for the April 1998 BOD meeting. However, the ideas for implementation of a scholarship funding program, as well as educational program funding, were rejected. Thus, no new funding programs were begun for fiscal years starting July 1997 or July 1998. Following the discussion of Foundation funding, the Foundation Manager was dismissed from the BOD meeting. At that point, the BOD determined not to continue the contract for the Foundation Manager beyond May 1998.

## **V. CONCLUSIONS**

The failure of the Foundation to meet its fundraising goals appears related to the decision-making processes of the organization, and the lack of communication between the BOD and the Foundation Manager. In particular, the individual BOD members did not communicate with the Foundation Manager their objectives for the Foundation, which at times seemed to contradict the explicit goals of the

Foundation. If these discrepancies were due to structural elements, then perhaps the BOD was too involved in the decision-making of strategies for achieving goals. On the other hand, if these discrepancies were due to issues of identity and class, perhaps the BOD were threatened by the participation of a Foundation Manager in the decision-making process. The BOD has since hired a part-time Foundation Manager, suggesting that both structural and identity issues are salient.

This study examined the influence of structure and identity on the communication between organizational levels and their effect on goal outcomes. Although the primary method was descriptive, future studies could compare the success of organizations in meeting their goals based on structure and identity. Furthermore, future studies might investigate the decision-making process of a group of professional equals, as in a Board of Directors.

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