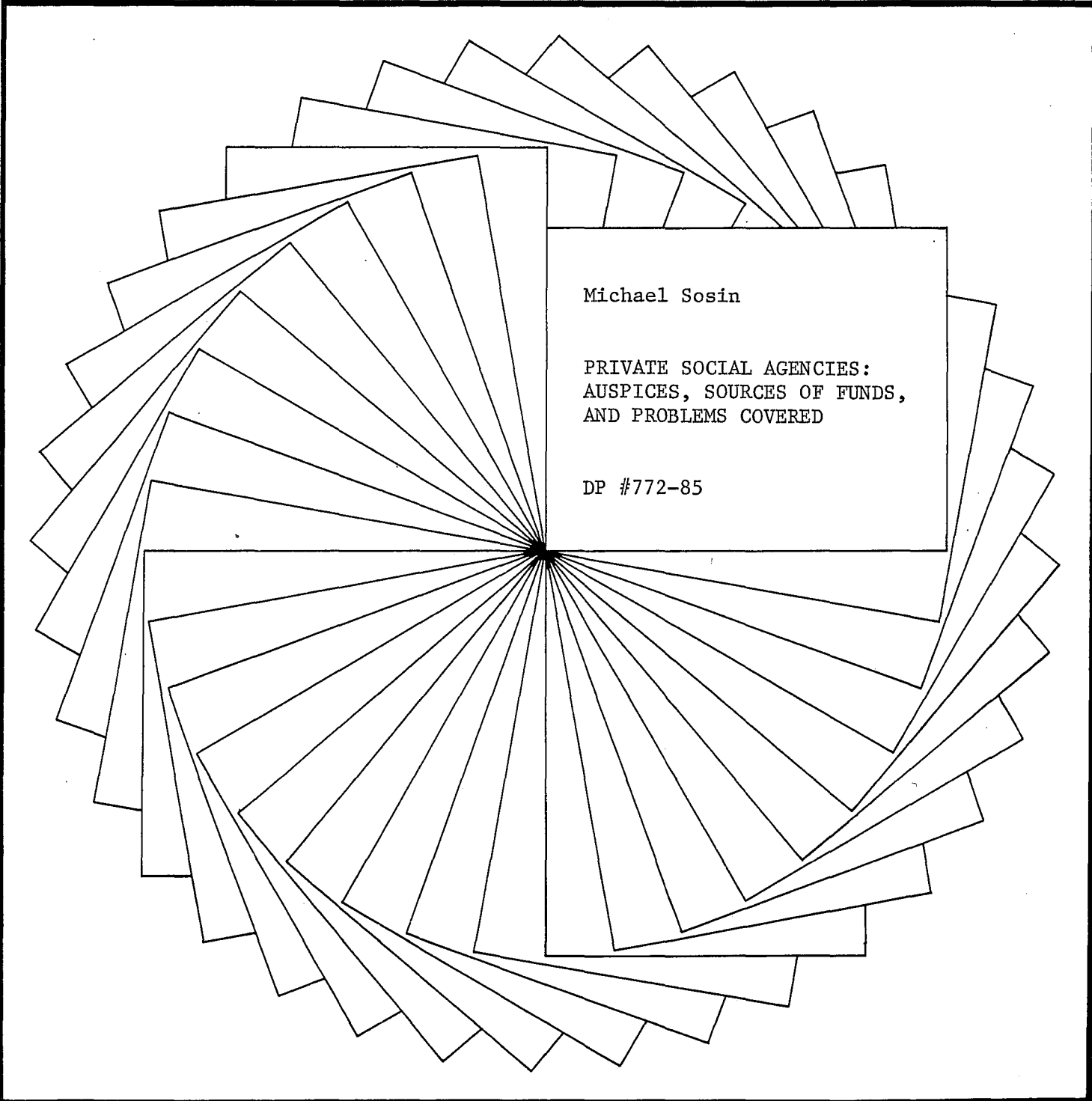


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# IRP Discussion Papers

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Michael Sosin

PRIVATE SOCIAL AGENCIES:  
AUSPICES, SOURCES OF FUNDS,  
AND PROBLEMS COVERED

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Private Social Agencies:

Auspices, Sources of Funds, and Problems Covered

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## Abstract

A previous paper found that two aspects of the auspices under which private social service agencies operate--whether control is national or local, and whether it is religious or secular--affect the social problems they are likely to cover. The current paper tests whether the relations can be accounted for by the sources of funds made available to agencies under these varying auspices. Data analysis indicates some relation between obtaining support from specific funding sources and covering certain problems. But it also suggests that obtaining such support accounts for only a small proportion of the affects of auspices. In light of the results, other reasons for the role of auspices are suggested.

Private Social Agencies:  
Auspices, Sources of Funds, and Problems Covered

A recent paper found that two aspects of the auspices under which private social service agencies operate--whether administrative control is national or local, and whether it is religious or secular--affect the social problems they are likely to cover (Sosin, 1985a). This this was said to occur (in simple terms) because the varying auspices attract resources from different constituencies (such as religious donors), and the constituencies put pressure on agencies to deal with certain problems. The paper thus suggests that there are severe constraints on the ability of agencies to attempt to solve specific problems.

This work, however, was a limited, exploratory effort. An obvious next step is to determine exactly what type of resources, and thus what specific aspects of the constituency, constrain such agencies. The most likely hypothesis is that agencies under various auspices are constrained by financial resources and thus react to the demands of the constituency that is comprised of their sources of funds. That is, agencies with a given auspice may obtain financial support from only some sources and may face demands from these sources to deal with certain problems. Indeed, while seldom addressing the issue directly, many previous studies suggest this possibility; previous works discuss the controlling role of such sources of financial support as the United Way and government in determining what problems are covered, and even occasionally suggest that agencies under varying auspices are constrained by demands from the sources from which they obtain such support (Grønbjerg, 1982; Manser, 1974; D'Agostino, 1974; Wendel, 1974; Hill, 1971; Coughlin, 1965; Wilensky and Lebeaux, 1958).

This explanation, however, remains in doubt. The studies that discuss the key role of financial resources are largely based on indirect evidence and do not prove that the sources achieve complete control. Other authors suggest that funding sources are not so powerful (Hartogs, 1978; Perlmutter, 1971; Lambert and Lambert, 1970). Those who have described the behavior of private agencies in detail even point out that non-financial resources and related constituencies may also affect agencies--those involving such factors as volunteers or community legitimacy (Selznick, 1949; Sills, 1957; Zald, 1970). The quest for these resources by agencies under varying auspices may also explain the problems they choose to cover.

This possible role of sources of financial support is of policy interest. If financial sources do indeed account for the auspices-problems relation, then one might alter the priorities of the funding sources to change the patterns of provision by such types of private agencies. Otherwise, policy suggestions would need to be redirected to other factors (to be discussed below). In light of the policy relevance and the lack of solid evidence, this paper examines the issue.

#### BACKGROUND

The results of the preceding paper are the basis for this examination. The paper was based on a recently developed approach to studying organizations, called the ecological, or niche perspective (Freeman and Hannon, 1983; Delacroix and Carroll, 1983; Kimberly and Miles, 1980). This perspective, using an analogy between organizations' quest for social resources and biological organisms' quest for physical resources,

analyzes how a match develops between the available resources and the activities that organizations undertake.

The framework suggests that under many conditions, the organization to attempt to attract resources from a special subgroup of the population, or constituency. Developing this constituency enables the organization to survive because it limits competition for resources to the few other organizations with similar sources. The perspective argues that to develop a constituency, however, the agency must focus on specialized activity that attracts support from the special source. For example, to obtain support from the religious sources, a private agency must deal with a social problem the religious constituency respects.

The paper conceptualized auspices, in niche theory terms, as a type of strategy undertaken to attract resources. It follows from the theory that each choice of auspice results in attracting resources from a special type of constituency, and also constrains the agency to specialize by focusing on the social problems the constituency expects. Thus when comparing agencies with national auspices to those with local auspices (one choice of auspices), it was argued that the former are more likely to attract a constituency that expects them to deal with highly legitimate, noncontroversial, widely dispersed problems for which a national campaign seems indicated. The data analysis revealed just such a pattern. Social and physical support problems, which include health issues, individual development (such as those covered by the Girl Scouts), and even family planning and disaster aid, fit the description the theory provides and indeed are more common in organizations with national auspices than in local ones.

The paper also argues that to differentiate themselves from organizations under national auspices, those with local auspices tend to legitimate themselves to a constituency by claiming to deal with a special local need--particularly the need for rehabilitation of a subgroup of the community in which there is special local interest. Data analysis supported this contention by noting a relation between a focus on rehabilitative issues--alcohol, drug abuse, mental health, and so forth--and local as opposed to national auspices.

When comparing the consequences of religious and secular auspices, it was argued that the former demands the more particular domains. Because agencies with religious auspices attract a constituency that has a special religious interest, the agencies must deal with problems that seem to be in keeping with religious sentiments. Supporting this contention, the data analysis revealed that material needs and life style issues (such as day care and family counseling) are more often in the domain of agencies under religious auspices. The former set of problems is closely bound up with traditional notions of religious service. The latter involves issues for which religious values are expected to imply special solutions. For example, choices of family and child care styles differ according to religious tradition (Sosin, 1985a).

#### Sources of Financial Support

From the niche perspective, it is possible to develop an argument for the role of sources of financial support. As implied in the introduction, one possible causal chain (a second will be examined later) is that agencies under a specific auspice tend to attract financial resources

from only some sources, and that the sources also prefer some types of problems. This would lead the agencies to focus on this set of problems to obtain support from the sources to which they have access.

To develop an empirical test of the argument, one must specify the sources of funds that might have such an effect. Previous literature indicates that five sources tend to support agencies under only some auspices, and to differentially fund certain types of problems. These thus may potentially be constituencies that cause auspices to be related to problems as specified in the above logical chain. Because the point of the article is to discuss auspices, not sources of funds, these will be stated briefly:

1. The United Way, according to past studies, may support organizations under national auspices more often and (given what the studies say are its priorities for problems covered) may account for the tendency of the organizations to focus on social and physical supports (Bakal, 1979). Or, it may support agencies under secular auspices more often than religious ones, and may have priorities that account for the tendency of the former to focus on rehabilitation and not on material needs (Wilensky and Lebeaux, 1958).

2. Government may support agencies under secular auspices more than religious ones, and its lack of support of private income maintenance programs may account for the lack of material aid programs in such secular agencies (Sosin, 1975b; Grønberg, 1981). Or, it may support organizations under local auspices more than national ones, and may have priorities that account for the tendency of such local organizations to focus on rehabilitation (Teele and Levin, 1968).



3. Fees for service may be more available to organizations under local auspices. This may lead to demands that these organizations focus on rehabilitation, often desired by paying clients. Or, fees may be more commonly used in organizations under religious auspices and may involve demands that account for the tendency of such agencies to focus on life-style issues (Friedlander and Apt, 1974).

4. Direct donations may be more frequently used by agencies under religious auspices than by secular ones, and may come attached with demands that account for the tendency of the former to focus on material needs and life-style issues (Olson, 1965; Wilson, 1973).

5. Finally, while few have considered this obvious hypothesis, funds from such religious organizations as churches are likely to flow to agencies under religious auspices, and the organizations may have priorities that account for the tendency of religious affiliates to focus on life-style issues or material needs.

In assessing the role of these sources, it is noteworthy that the hypotheses about each specific funding source are speculative and even, at times, contradictory. It is unclear from existing data, for example, whether the United Way distributes funds to agencies under any auspices, and whether support from this funding agency accounts for any relation between auspices and the problems covered. Few other relations have been examined definitively. Accordingly, the questions this paper addresses must be phrased generally: to what extent do all the demands of five funding sources account for the relations between auspices and the problems covered by private agencies?

## PLANS OF ANALYSIS

In empirical form, the general research question translates into a relatively simple statistical question. Do the relations between auspices and problems covered by agencies remain when one controls for whether agencies obtain support from the five sources of financial support? That is, if agencies under a given auspice tend to focus on a problem solely because they tend to obtain funds from sources that demand that agencies focus on the problem, the auspices variable will have no effects, once the sources from which funds are obtained are considered. The next few sections of this paper carry out such an analysis.

### Data

The data used here involve all of the social service agencies in six counties. The counties were randomly selected under a stratified sampling design. Because the design borrowed its sample from a study designed to examine the public welfare system, the stratification criteria included whether the county's Aid to Families with Dependent Children grant was high or low, whether the grant was flexible or flat, and whether there was an emergency assistance program. These criteria, while not relevant to this particular paper, divide counties rather evenly; the resulting sample is therefore close to a random one.

The major source of data is social service directories obtained from each county during 1981. Although there is always the possibility that certain informal agencies are excluded, the directories are quite extensive and inclusive. There are 570 nonprofit and profit-making agencies

in the sample, after eliminating public agencies, organizations not normally considered to be social service agencies (such as legal aid clinics with no social services), and agencies not found in the county, although listed in the directory.<sup>1</sup>

The relevant variables were coded for each agency in each directory. It was determined whether each agency was under religious or secular auspices and under national or local auspices.<sup>2</sup> National auspices was coded as "1," local as "0"; religious auspices was coded as "1", secular a "0." There are 63 such religiously affiliated agencies; 507 non-religiously affiliated agencies; 115 nationally affiliated agencies; 455 local agencies.

A large list of social problems was also drawn up, and the coding system noted whether each agency covered each problem. This paper makes use of combination variables that divide the list of social problems into four groups as defined in the previous paper. These are social and physical supports, rehabilitation, material needs, and life-style concerns.<sup>3</sup> The four groups are meant to match niche-theory predictions.

The measures of agency coverage are four dichotomous variables indicating whether or not each agency covers any problem within the given group--having a focus on the problem is coded "1," not having such a focus is coded "0." The scheme is meant to include all problems that were originally coded, with the exception of those covered by an extremely small fraction of private agencies. Of the agencies, 31 percent focus on social and physical supports; 39.8 percent on rehabilitation; 10.7 percent on material needs; and 35.6 percent on life-style concerns. It should be noted from these percentages that a few agencies cover problems in more than one category.

Finally, whether each agency received at least some funds from the five relevant sources was coded. A "0" represents not receiving funds from the given source, and a "1" represents receiving funds. Funds from religious agencies are received by 4.4 percent of the agencies; funds from the United Way are received by 10.2 percent. Funds from any level of government are received by 32.1 percent of the agencies. Direct donations are given to 38.7 percent of the agencies, while 29.1 percent rely, at least in part, on client fees.<sup>4</sup>

#### Statistical Methods

The analysis problem implied by the research questions can be solved by regressions, completed in two steps. The first step is to regress all five of the funding variables against each of the four categories of problems covered. This determines whether the funding sources may help account for the problems private agencies cover, at all.

The second step is to add the relevant auspices variable (that is, the one that has been found in the past study to relate to the problem covered) to each of the four regressions. In a regular regression, if the explained variance increases (to a statistically significant degree), this implies that the auspices variable has an effect above and beyond that of the sources of funds; if it does not, the hypothesis that funding totally explains the given relation between auspices and the problem covered is supported. The size of the coefficient for the auspices variable in the equation, particularly if compared to other coefficients in the equation, helps to estimate the relative importance of auspices and funding sources in explaining the problems covered.

The analysis in this paper uses the regression technique, but in a slightly different form than is common. This is made necessary by the fact that the dependent variables--types of problems covered--are dichotomies. While it is statistically acceptable to utilize dichotomous independent variables in regressions, there are problems in utilizing dichotomous dependent variables. These occur because the relation between independent variables and a dichotomous dependent variable is unlikely to be linear, and because the error term of the equation is likely to be correlated to the dependent variable. Both problems result in biased estimates.

The technique commonly suggested as a solution to the problem of the dichotomous dependent variable, logistic regression, is used in this paper. The logistic procedure uses as the dependent variable not the dichotomy, but the ratio of the proportion of cases in which one of the two values occurs (for example, having a given set of problems in the domain) compared to the proportion in which the other value occurs (not having a problem in the domain). To deal with the problem concerning the nonlinearity of relations to a dichotomous dependent variable, the natural log of the above ratio is used as the dependent variable. The regression is calculated using maximum likelihood estimation procedure (Hanushek and Jackson, 1977).

One of the differences between logistic regression and ordinary least squares regression is that there is no direct equivalent to the R-square. Nevertheless, it is possible to determine whether any set of independent variables successfully predict the dependent variable, and then to determine whether an additional variable adds to the power of the explanatory

model. The correct statistical test in both cases is chi-square. Thus in this paper such a procedure is used to determine whether the funding source variables are related to each type of problem, and whether the relevant auspice variable continues to have an independent effect when added to an equation also including the sources of funds. (All have an effect when examined independently of funding sources.)

The logistic regressions also include regression coefficients, which can be analyzed with the traditional method of testing statistical significance, t-tests. These are used to determine the extent to which each source of funds helps explain whether an agency handles a given type of social problem, and also to examine the role of the relevant auspices variables.

It should be noted that this analysis gives sources of financial support a very good chance of cancelling out the effects of auspices. For, it assumes that both auspices variables are mediated completely by the funding source. To the extent to which the relation works the other way--an agency with given auspices decides on a source of funds after choosing to focus on certain types of problems--a different causal ordering exists and our equations overestimate the effect of the source of funds. Nevertheless, the equations clearly estimate the traditional, and most common, argument.

## RESULTS AND ANALYSIS

Table 1, reporting the relation between sources of funds and whether private agencies cover each of the four types of social problems, is primarily relevant in establishing the baseline chi-square over and above

which the role of auspices may have an effect. The relations in the table certainly indicate that financial resources are related closely enough to the problems covered to potentially reduce the effect of auspices. For example, the first column of Table 1 reports the relations between social and physical supports and the five sources of funds. The equation, as a whole, is statistically significant (the .05 level is used throughout the paper), while three of the five variables have statistically significant coefficients. Funding from the United Way is consistent with the focus on this set of problems. Funding from fees or government are consistent with a reduced focus on social and physical supports.

Similarly, the second column in Table 1 reports the regression concerning the focus on rehabilitation. The regression, overall, is statistically significant, and one funding source variable has a statistically significant relation to the dependent variable. According to the relevant coefficient, the government is more likely to be a source of support for agencies that focus on rehabilitation.

The third column of Table 1 reports the analysis of whether agencies focus on life-style issues. According to the logistic regression, the five funding source variables indeed predict the focus on this type of problem to a statistically significant degree. However, only one of the five demonstrates a statistically significant coefficient: agencies that rely on fee for service are more likely to focus on life-style problems. This relation is quite large. The coefficient is 1.59, over seven times its standard error (statistical significance occurs when the coefficient is roughly twice the standard error).

Column 4 presents the model predicting whether an agency focuses on the provision of material assistance. Probably because so few agencies focus on this activity (less than 11 percent), and hence the variance is low, the five funding variables do not explain this dependent variable to a statistically significant degree. Nevertheless, three funding variables do relate to this dependent variable. Agencies that focus on material needs are more likely to rely on support from religious organizations, while they are less likely to rely on support from client fees, or the government. The first two relations are rather large, having coefficients that are greater than 2.

#### Contribution of the Choice of National or Local Auspices

Do the sources of funds account for the relations between auspices and the problems covered by private agencies? Table 2 looks at this issue for the relations between the choice of national and local auspices and the problems covered. The table notes whether the national-local auspices variable maintains an effect once the funding variables are controlled, and it also indicates the coefficients of all independent variables in a logistic regression including the funding and auspices variable.

A previous finding was that agencies under national auspices are more likely than local ones to focus on social and physical supports. The first column of Table 2 looks at the contribution of the auspices variable to this dependent variable when funding sources are considered. Interestingly, even after the funding variables are controlled, the



choice between national and local auspices continues to alter the chi-square to a statistically significant degree. As the coefficient indicates, organizations with national auspices are more likely than local ones to focus on social and physical supports, even in an equation including the sources of funds.

The coefficient of the auspices variable, 1.38, is the largest in the final equation. This indicates that, compared to the role of any one source of support, the role of auspices in predicting whether an agency focuses on social and physical supports is great (because all variables are coded 0 to 1, coefficients are roughly comparable). Indeed, when the auspices variable is placed in a logistic regression against social and physical supports, by itself, the coefficient of the relation is only slightly larger--1.62. The evidence thus indicates that the funding variables mediate only a small proportion of the relation between this auspices variable and the focus on social and physical supports.

In terms of the theory, this relation suggests that the sources of funds are not the sole reason why organizations under national auspices are more likely to focus on social and physical supports. Rather, apparently a large proportion of the relation also involves other resource issues, such as maintaining staff morale, recruiting volunteers, and so forth.

Another previous finding was that organizations with local auspices tend to focus on rehabilitative problems. The second column of Table 2 examines whether the choice between national and local auspices continues to help explain whether an agency focuses on rehabilitation after controlling for funding sources. According to the logistic regression, even after the sources of funds are controlled, the choice between

national and local auspices continues to affect the chi-square to a statistically significant degree. The coefficient, negative in sign, indicates that organizations under local auspices are more likely than national ones to focus on rehabilitation (local organizations are coded as 0, national as 1), as was true before funding sources were controlled.

The coefficient of the auspices variable,  $-.759$ , is the second largest in the final equation. (The largest coefficient involves support from religious organizations, but this coefficient is not statistically significant owing to a high standard error.) This indicates a relatively large role for auspices. And, when the auspices variable is placed in a logistic regression that does not include the funding variables, its coefficient is nearly identical,  $-.772$ . This suggests that the effect of the choice between national and local auspices is practically independent of the funding variables. As in the case of social and physical supports, apparently other factors than the source of financial support explain the relation of auspices to the focus on this set of issues.

#### Contribution of the Choice Between Religious and Secular Auspices

Table 3 tests whether the sources of funds account for the relations between the religious-secular auspices variable and the problems covered. It assesses whether religious agencies continue to focus more often on life-style issues and material need after funding sources are controlled.

As the first column indicates, the equation involving life-style issues parallels those results reported in Table 2. Even after the sources of funds are controlled, the religious-secular auspices variable affects the chi-square to a statistically significant degree. Looking at

the sign of the coefficient, the relation is the same as was the case before funding was considered, continuing to indicate that agencies under religious auspices are more likely to focus on life-style issues than are agencies under secular auspices.

Once again, the coefficient representing the choice among auspices, 1.18, is rather large. In the equation it is second in size to the reliance on fees for service. Despite the large size of the coefficient representing the reliance on fees, the coefficient for auspices is not altered very much by controlling for the source of funds; it is 1.22 in a regression in which funding sources are excluded. Thus, the relation between religious auspices and the focus on life-style issues is largely explained by factors other than the sources of funds.

Column 2 in Table 3 presents the regression involving the focus on material needs. In this instance, when the funding source variables are controlled, the choice between religious and secular auspices fails to alter the chi-square to a statistically significant degree. The coefficient, .731, is in a direction that indicates that organizations under religious auspices tend to focus on material aid more than do secular organizations. However, the relation is not statistically significant. Indeed, when an equation that predicts material aid solely by the auspices variable is estimated by the logistic technique, the relation is statistically significant, and the coefficient is 1.03. Thus, the funding variables can account for the relation between material aid and religious auspices if one accepts our criteria (statistical significance).

Further analysis (not in a table) reveals that the reduction in the relation between the auspices variable and the focus on material aid occurs largely as a result of the role of obtaining funds from religious organizations; when this variable, alone, is first entered into an equation, the effect of religious auspices is reduced to statistical insignificance. This may seem to occur because religious funding and agencies under religious auspices are co-terminous, but this is not the case; as mentioned in the section discussing the data, there are about twice as many agencies under religious auspices as there are agencies that are funded by religious organizations. The relation thus is the only one in keeping with previous hypotheses about funding agencies. It seems to indicate that those religiously affiliated agencies that directly receive funds from churches are more likely to focus on material aid; other religiously affiliated agencies only demonstrate a small, not statistically significant, tendency to focus on material problems.

#### A Further Test

One limit to this analysis is that it neglects a second, if less obvious, causal chain. It is at least conceivable that funding sources, while dispensing financial aid to agencies that deal with a broad range of problems, only dispense aid to agencies under a given auspices if the problems covered match expectations. For example, while government may support agencies involved with social and physical support, rehabilitation, and others, it may only offer aid to those organizations under national auspices that focus on social and physical supports, or those local ones that focus on rehabilitation. This can account for the

auspices-problem relation, with agencies focusing on the problem the source of funds specifically demanded from them.

The above regressions do not test this possibility--they merely test whether the tendency of funding sources to give support to cover specific problems more frequently and to also support agencies under specific auspices to an unusual degree accounts for the relations. To test the second causal chain, the appropriate statistical procedure is to look for interaction effects. That is, if funding sources demand that agencies with given auspices deal with particular problems, then the interaction of having a given auspice with obtaining support from a given funding source will relate to the type of problem covered. The presumed causal chain would be supported most fully if this interaction reduces any specified direct relation between an auspice variable and a type of problem to statistical insignificance. But this possibility need only be considered for the relation of the relevant auspices variable to three dependent variables: social and physical supports, rehabilitative issues, and life-style concerns. The relation involving auspices and the fourth, material aid, has already been explained by a funding variable.

Accordingly, logit analysis was used to test this possible causal chain for three dependent variables. As a first step, a series of equations was calculated in which each of the three dependent variables was regressed against the funding source variables (to avoid multicollinearity, one per equation in a series of five), and to the auspices variable with which the problem was originally correlated. Then, a second set of equations was calculated in which the interaction of the funding source and the relevant auspices variable was added to each such

equation. A statistically significant difference in the size of chi-square in the equations with an interaction term compared to the equation without it would support the existence of an interaction effect. A loss of statistical significance of the relation between the auspices variable and the problem covered in the equation that also includes the (statistically significant) interaction term would indicate that the interaction accounts for the auspices-problem relation.

Results of this analysis (not in a table) do not alter the major conclusions. There are no statistically significant interactions between the national-local variable and any funding source variable when social and physical supports is the dependent variable; the original auspices-problem relation remains. There are also no statistically significant interactions between the religious-secular variable and any funding source variable when life-style issues is the dependent variable; the original relation is also unaffected in this case.

There are two statistically significant interactions between the national-local auspices variable and two funding source variables when rehabilitative problems are the dependent variable. One involves support from the United Way; the interaction term indeed reveals that the organization is less likely to fund agencies under national auspices (thus, are more likely to fund agencies under local auspices) that focus on rehabilitation ( $b = -2.51, p < .05$ ). However, in the equation, the previously discussed relation between the national-local variable and rehabilitation remains and even increases when the interaction term is considered ( $b = -2.76, p < .05$ ). The second relation is opposite of expectations; direct donations are more likely to go to organizations

under national auspices that focus on rehabilitation ( $b = .409, p < .05$ ). In this equation, however, the relation between the national-local variable and rehabilitation also continues to be statistically significant ( $b = -.722, p < .05$ ). Thus, while there is some evidence that funds from the United Way and from direct donations encourage agencies with certain auspices to focus on rehabilitation, the tendency of agencies under local auspices to focus on rehabilitation apparently also depends on other things.

#### DISCUSSION

While the main theme of this paper is the extent to which sources of funds mediate relations between auspices and the problems private agencies cover, an implied issue is whether sources of funds have any effect on the problems covered. In light of previous empirical and theoretical work on the issue, it is not surprising to discover evidence that they do. Out of twenty possible relations between sources of funds and problems covered, eight are statistically significant. And in three of the four equations, sources of funds relate to the types of problems covered to a statistically significant degree. To summarize, when social and physical supports are handled, agencies are less likely to rely on fees and funds from government, and often rely on support from the United Way; when rehabilitation is dealt with agencies are likely to obtain support from the government; when life-style issues are handled, agencies are likely to rely on fees for service; and material needs issues, while not demonstrating a statistically significant relation to the funding variables, overall, are handled in agencies that are less likely to rely

on fees for service or funds from the government, and that are likely to rely on support from religious organizations. An explanation of these results is not the principal topic of this paper; it has been relegated to a footnote.<sup>5</sup> The major conclusion is that there are some relations that could have explained the auspices-problem relations.

The statistical results indeed offer one piece of evidence for this mediating role of funding sources. In the case of material needs, religious organizations are more likely to fund agencies that deal with the issue, and the role of the funding source cancels out the effect of religious auspices. Thus, it can be concluded that only religiously affiliated organizations that also receive religious funds focus on material needs to an unusual degree. Apparently, the source is the major constituency dictating the focus on material needs by agencies with religious auspices.

In the other three cases, however, there is no such cancelling out; the original relations between auspices and problems remain, even controlling for funding, while the coefficient continue to be large. Indeed, even when interaction effects are considered, there is very little evidence for more than a minimal amount of mediation in the three cases. One must conclude that, in these cases, funding sources are not the major, controlling, constituency.

What explains this limited mediating role of the sources of funds? While any explanation must remain tentative, one possibility is that the funding sources do not have such a firm sense of what problems they wish agencies under given auspices to cover. In other words, while the previous finding of a relation between auspices and the problem covered



indicates that some elements of the constituency might demand some sort of match between the two, apparently the funding sources are not always making the demands. Except in the case of the tendency for religious organizations to encourage agencies under religious auspices to meet material needs, and in the case of the two interaction effects already described, the funding sources may be only peripherally interested in the issue of matching auspices to focus on specific problems.

Another possibility is that even when funding sources desire to support agencies under specific auspices only if they deal with given problems, they may not always be able to do so. Some organizational theorists thus suggest that agencies that have prestige can actually dictate terms of support to those who fund them (Thompson, 1967). This has been partly demonstrated for agencies that are supported by the United Way (Pfeffer and Long, 1977). The agencies may also have multiple sources of funds, and may play them against each other to avoid being controlled by any one. Indeed, organizational theory suggests that an agency with multiple funding sources will be less likely to do what any one source desires (Pfeffer and Salanick, 1978; Jacobs, 1974; Emerson, 1962), while studies of private agencies suggest that many have multiple sources of funds and some autonomy from any one source (Kramer, 1981; Young and Finch, 1977).

Nevertheless, this line of reasoning still leaves unexplained why there are relations between the auspices variables and three of the four types of problems covered. The niche-theory explanation is that other resources may dictate this relation. The problems agencies under given auspices cover may affect, for example, the willingness of volunteers to

give their time or the willingness of clients to seek out services. Or, staff members, who often work for low salaries in private agencies, may only be sufficiently motivated if the problem covered is consistent with the auspices. Community and agency cooperation, the willingness of outsiders to refer enough clients to legitimate continued support, or a number of other resources may also be involved. Volunteers, clients, staff members, and other agencies thus may be more likely to help support agencies under national auspices that focus on social and physical supports, local affiliates that focus on rehabilitation, and agencies under religious auspices that focus on material needs or life-style issues. (The explanation for this flow of resources is provided by niche theory. Agencies under given auspices garner legitimacy for a specific type of problem. Clients with a need for rehabilitation, for example, may be more willing to trust a local agency than one that is under national auspices.)

#### CONCLUSION

The explanations offered in this paper are not meant to imply that funding sources place no constraints on private agencies. Evidence presented in this paper suggests some constraints, and other work suggests that funding sources can dictate more specific agency policies than those discussed here (Sosin, 1985b). At the very least, however, the data analysis suggests that the stress many place on the sources from which agencies receive financial support may need to be balanced by other discussions. Although agencies appear to be somewhat affected by the sources, their priorities are also affected by their auspices in a manner

that cannot always be accounted for by financial sources. The forces operating on private agencies are thus more complex than many assume, and many different types of resources may affect the problems agencies cover.

From a policy perspective, the analysis implies that the priorities of agencies under given auspices are influenced--and can be influenced--by numerous factors beyond financial sources. Perhaps to change agency priorities, one must understand how agencies might develop a set of problems that attract volunteers, staff, and the community. Can agencies adopt new rationales for traditional services that attract wider support? Can they alter perceptions of what agencies with given auspices can accomplish? The data analysis presented here suggests that such questions must be addressed along with a discussion of funding sources in understanding and improving service delivery of the private sector.

Table 1

Sources of Funds and Social Problems Covered by Private Agencies:  
 Logistic Regressions and Coefficients  
 (N = 570)

Independent Variables	Dependent Variable for Each Regression							
	Social and Physical Supports (1)		Rehabilitation (2)		Life-Style Issues (3)		Material Need (4)	
Direct donations	.301	(.212)	.334	(.204)	-.101	(.220)	.102	(.314)
Fee for service	-.774	(.243)*	-.184	(.214)	1.59	(.218)*	-2.09	(.563)*
Government support	-.679	(.227)*	.811	(.201)*	.336	(.216)	-.785	(.381)*
Religious organization support	-.833	(.523)	-.845	(.514)	.666	(.443)	2.13	(.478)*
United Way support	1.09	(.295)*	-.574	(.310)	-.254	(.329)	.714	(.386)
Constant	-.614	(.188)*	-.681	(.181)*	-1.19	(.194)*	-1.89	(.280)*
$\chi^2$ (43 degrees of freedom)	92.579*		78.374*		92.824*		45.610	
Total $\chi^2$	-329.268		-368.474		-334.972		-167.518	

\*p < .05 (two-tailed test for t-tests).

Coefficients and (in parentheses) standard errors.

Table 2

Choice between National and Local Auspices, Funding Sources,  
and Social Problems Covered by Private Agencies: Logistic Regressions  
(N = 570)

Independent Variables	Dependent Variable for Each Regression			
	Social and Physical Supports (1)		Rehabilitation (2)	
Direct donations	.021	(.227)	.494	(.212)*
Fee for service	-.591	(.248)*	-.278	(.217)
Government support	-.306	(.241)	.644	(.209)*
Religious organization support	-.917	(.533)	-.841	(.520)
United Way support	1.01	(.306)*	-.505	(.314)
National or local auspices	1.38	(.255)*	-.759	(.265)*
Constant	-.960	(.204)*	-.522	(.188)*
Improvement $\chi^2$ for auspices variable (1 degree of freedom)		30.145*		8.620*

\*p < .05 (two-tailed test for t-tests).

Coefficients and (in parentheses) standard errors.

Table 3

Choice between Religious or Secular Auspices, Funding Sources, and  
Social Problems Covered by Private Agencies: Logistic Regressions  
(N = 570)

Independent Variables	Dependent Variable for Each Regression			
	Life-Style Issues (1)		Material Need (2)	
Direct donations	.083	(.223)	.166	(.317)
Fee for service	1.52	(.221)*	-2.21	(.573)*
Government support	.457	(.220)*	-.703	(.386)
Religious organization support	-.135	(.525)	1.71	(.542)*
United Way support	-.334	(.338)	.689	(.387)
Religious or secular auspices	1.18	(.344)*	.731	(.461)
Constant	-1.31	(.200)	-2.00	(-6.86)*
Improvement $\chi^2$ for auspices variable (1 degree of freedom)		12.374*		2.338

\*p < .05 (two-tailed test for t-tests).

Coefficients and (in parentheses) standard errors.

## Notes

<sup>1</sup>The sample is described in Handler and Sosin (1983). Of the 396 questionnaires originally sent out, 240 were returned, for a county response rate of 61 percent. All counties from which directories were obtained are included in the 240. These, however, do not differ from nonrespondents in size, average income, and so forth.

<sup>2</sup>Decisions about national or local auspices demand some judgment. An organization may belong to a national association, but if the association does not exercise administrative control, the local unit is not under national auspices. The author and a highly trained graduate student used their own knowledge to make such judgments. For example, agencies with national auspices include affiliates of the Red Cross, Boy Scouts, and Salvation Army. They do not include Catholic Charities or rescue missions, even though both agencies may belong to a national association.

<sup>3</sup>Social and physical supports include health, individual and family development, family planning, and disaster aid; life-style issues include individual and family counseling, day care, and problems of the aging; rehabilitative problems include physical handicaps, unemployment, mental health problems, alcoholism, developmental disabilities, criminal justice issues, drug abuse, and dependency and neglect; material needs include emergency financial needs and homelessness.

<sup>4</sup>This data set consists of data from half of the twelve counties used in the original study (Sosin, 1985). One of the two counties in each of the original six sample stratification categories was selected. This was accomplished to assure that there were reliable data on funding

sources for all agencies--something that was true of at least one directory in each category. In one instance, two directories in one category contained satisfactory fiscal data; in this case, a coin was flipped to determine which to use for this analysis. The basic relations in the twelve county data set that the current analysis is meant to expand upon (between auspices and problems) are retained (in statistically significant form at the .05 level). The exact same log-linear techniques used in the original study showed that national organizations focused more often on social and physical supports while local organizations focused more on rehabilitation, while religiously affiliated organizations, more than secular organizations, focused on life-style issues and material aid. In the previous paper, other, unpredicted relations also emerged. However, because unpredicted relations demand tests on a new data set to be confirmed, this paper focuses on those relations that were hypothesized and confirmed in the previous work.

<sup>5</sup>One might explain the relation of United Way's support and a focusing social and physical support problems in the same manner that niche theory explains the relation between this variable and national auspices. Social and physical support problems are highly legitimate to many members of the community and are also noncontroversial. The United Way might support agencies that focus on these problems to maintain its own legitimacy and noncontroversial image--important, as Bakal (1979) might imply, in obtaining support from large corporations. At the same time, historically, the United Way experienced competition in fundraising from such social and physical support causes as are often handled



by the American Cancer Society and the Red Cross. Support for these activities might indicate an attempt to coopt the competition (Litwak and Hylton, 1962; Pfeffer and Long, 1977).

The negative relation between this problem and the utilization of fees may occur in part because there is not a direct relation between individual clients and services in many social and physical support issues; there are few from whom to collect fees. For example, health research agencies provide resources to researchers more than they deal with clients. In addition, it may be that other such issues are so general and deal with such broad segments of the population that charging fees seems inappropriate.

The relation between support from government and rehabilitation issues is consistent with explanations for the motive to support rehabilitative programs suggested by niche theory. Most governmental agencies must face a number of social issues about which the specific state or locality is concerned. They thus fund agencies that focus on such issues. Rehabilitation might predominate due to a belief that a role of government is in helping (or coercing) the deviant toward normalcy-- through mental health services, drug treatment, and so forth.

The relation between the use of fees and the focus on life style issues simply suggests that individuals are more willing to pay for services dealing with life-style issues than for other services. This seems reasonable when comparing the resources available to deal with each of the four types of problems. On the one hand, life-style issues cut across the income spectrum; more families with an ability to pay desire life-style services such as family counseling or day care, than need

material aid or rehabilitation services. On the other hand, because life-style issues are not as tied up with national culture and universal needs as are most social and physical supports, it is natural that they would rely more on user fees.

The three relations involving material needs--negative correlations with governmental support and client fees, and a positive relation to funding from religious organizations--are no real surprise. It has been widely documented that governmental agencies tend to provide material assistance on their own, and do not contract this service out; apparently, a belief in equitably providing benefits, plus the complexity of the programs, dictates that this service is not contracted. Similarly, agencies dealing with material needs, focusing on the poor, in general (Sosin, 1985b) are not likely to be able to charge clients for their services. The role of religious organizations can easily be explained as similar to the original relation involving agencies under religious auspices. Religious organizations, such as Catholic Charities, are more likely to support agencies providing material aid because provision to the needy is part of their ideology.

In all of the above cases, the explanations are speculative. One reason for caution is that the data are on an agency level, not a program level; we do not know for sure precisely what activity each funding source supports within each agency.

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