An Examination Of A Principal-Agent Funding Relationship Involving A SFD Organization

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Aim of the research

The Sport-for-Development (SFD) sector comprises a wide variety of projects that utilize sport to address pertinent issues of equity and social justice (Schulenkorf, Sherry, & Rowe, 2016). To date, much of this work has focused on the program logic guiding SFD initiatives, or their implementation within development contexts, yet there remains a need to develop a more comprehensive understanding how SFD *organizations* build the capacity required to effectively deliver these programs (Svensson & Hambrick, 2016). The aim of this study was to provide an in-depth perspective of this process by focusing on the experiences of one SFD organization involved in a grant-initiated partnership, which is a common tactic for building organizational capacity.

Literature review and theoretical background

While each dimension of organizational capacity is undoubtedly salient, financial capacities are especially critical to the operation of SFD organizations. Most SFD organizations are non-profit entities with specific social directives that preclude raising capital through participation or user fees, and thus rely heavily on funding from foundations, commercial entities, and/or government (Harris & Adams, 2016). This lack of revenue diversification reduces financial stability (Carroll & Stater, 2008) and presents key challenges for non-profit managers (Jones, 2007). In the broader non-profit literature, research examining these relations has drawn primarily from agency theory or stewardship theory, yet these perspectives can be integrated into a conciliatory framework that more accurately reflects both approaches (Caers, Du Bois, Jegers, De Gieter, Schepers, & Pepermans, 2006). In this model, principal-agent relations oscillate along a stewardship-agency axis with varying levels of control, power, and conflict (Caers et al., 2006). In the current context, SFD organizations are hypothesized to represent agents ostensibly operating under the umbrella of their principal funding agencies, and our research analyzes how governance mechanisms, principal-agent relations, and the degree of goal alignment influenced the efficacy of these partnerships.

Methodology, research design, and data analysis

Data for this study was generated through narrative interviews with the Executive Director (ED) of *Beats for Fun*, a nonprofit SFD organization dedicated to promoting youth development for underserved youth through exposure to hip hop music, dance, and enrichment activities. To allow for generative, probing, and balancing questions, several interviews were conducted with the ED to generate the main narrative, probe for narrative fragments, and balance the story within a guiding theoretical model (Flick, 2014). To ensure the dependability of this narrative, relevant documents were also collected.

Results and discussion

The results are organized into three stages that represent the chronology of the partnership process: 1) initiation, 2) implementation, and 3) management.

Initiation. The grant consisted of federal funding directed towards a collaborative network of organizations with global and targeted gang prevention and intervention strategies, which *Beats for Fun* would lead (Grant Contract, p. 5). This aligned with the goals of *Beats for Fun*, as the ED explained, "that's what my specialty was and what the organization served." In addition, *Beats for Fun* already had an existing network of partners whom they had worked with for several years, with the ED indicating "I knew I could trust them from what I knew and experienced…and our values aligned."

Implementation. Tensions between the principal (grant administrator) and primary agent (*Beats for Fun*) related to changes in the perceived purpose of the initiative were evident. For example, the ED stated "I had a vision…the suppression piece from law enforcement wouldn't be what I focused on for example, I didn't want to do that." In addition, the grant administrator added a partner to the collaborative that operated independently, with the ED noting, "[they] were the only group I didn't know, somehow the administrator worked with them individually, they received funding through our grant but didn't go through us."

Management. Document analysis revealed a rapid change in revenue that was difficult to accommodate, with the ED stating, "it was harder because we didn't have the capacity." Part of this may be attributed to the unexpected growth of the organization, which was contracted to serve 95 kids but saw their numbers swell to over 150. In addition, the ED acknowledged she did not have experience *managing* a large-scale initiative, stating, "it was hard to manage because I also lacked the experience of what was really going on."

Ultimately, the partnership between the granting agency and *Beats for Fun* dissolved after only one year. When considering the evolution of this partnership, particularly during the implementation and management stages, clear opportunities for improving dyadic relations and adopting hybrid organizing principlpes are evident to improve the efficacy of grant-initiated partnerships in the SFD sector.

References

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