The Local Embedding of Community-Based Organizations

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The Local Embedding of Community-Based Organizations

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Abstract
Although social organizations are considered a vital aspect of life in neighborhoods, research seldom examines how neighborhood context influences organizational vitality. This article considers how organizational and neighborhood characteristics influence organizational survival over time via a case study of immigrant organizations in Amsterdam. Using multilevel analysis, we investigate which features give organizations an advantage in uncertain environments and which neighborhood characteristics influence organizations’ ability to remain active sponsors of immigrant interests. We conclude that neighborhood context has little substantial influence on the failure rates of immigrant organizations in Amsterdam. We take this as provisional evidence that the residential environment on the neighborhood level may not be a relevant source of institutional material or resources for community-based organizations. Rather, what appears to be more crucial are organizational characteristics that enhance the embeddedness and legitimacy of immigrant organizations among the immigrant constituency and external actors in the urban context.

Keywords
neighborhood effects, Immigrants, organizational legitimacy, Amsterdam

Introduction
Community-based organizations seem to be inextricably connected with the neighborhoods in which they are located, providing a wide range of services and activities for
neighborhood residents while the neighborhood itself serves as their primary resource infrastructure (Walker & McCarthy, 2010). This formulation suggests a synergistic relationship: Neighborhood context shapes organizational life and organizations shape the neighborhoods in which they operate. Existing research on organizations and neighborhoods, however, tends to overlook this dynamic by treating organizations as mainly derivative of neighborhood characteristics (McQuarrie & Marwell, 2009). Some studies take organizations as a proxy for neighborhood characteristics (Sampson, 2012), such as neighborhood social capital (Vermeulen, Tillie, & van de Walle, 2012). Or, research focuses on the influence a neighborhood has on its residents’ likelihood to be members of, or volunteers in, associational life, regardless of a specific organization’s location and characteristics (Gijsberts, Van der Meer, & Dagevos, 2012; McPherson & Rotolo, 1996). As valuable as such scholarship is, it rests on a relatively thin understanding of formal organizations and the constraints within which they operate, contributing to a partial understanding of the relationship between organizations and neighborhoods.

Our goal in this article is to bring a more nuanced organizational perspective to the study of community-based organizations, particularly those located in urban settings (McQuarrie & Marwell, 2009). Organizations are spatially located and there is good reason to expect that where they are located matters for their ability to operate effectively over time, although the local context may represent only one relevant dimension of the organizational environment (Marquis & Battilana, 2009). Combining the insights of more recent work in organizational sociology with neighborhood-based research in urban sociology, we examine the extent to which neighborhood characteristics influence organizational vitality. This is an important question because if such characteristics do indeed have an influence on the ability of neighborhood-based organizations to survive over time, this will affect the organizational capacity of its residents, which will, in turn affect their civic, political, educational, and economic opportunities (Milofsky, 1987).

Immigrant organizations provide a good case study to understand the role of neighborhood context in organizational viability. The neighborhood, as a geographical unit, has long been considered a key facet of immigrant life (Logan, Zhang, & Alba, 2002). Not only do immigrants tend to have a strong attachment to the neighborhoods in which they reside, immigrant organizations play important roles in the neighborhoods in which they are located. They may build houses of worship for their constituencies, revitalize poor neighborhoods, activate and empower marginalized neighborhood dwellers, target neighborhood disorder, and/or provide opportunities for the second generation (Vermeulen, 2006). Zhou (2009) posits that neighborhoods today may hold an even wider spectrum of resources and constraints for immigrants than in the past. If neighborhoods are important for immigrants overall, it seems likely that neighborhoods are also crucial for understanding how immigrant community-based organizations function and flourish as we expect a high degree of collective investment in their success (see also Small & McDermott, 2006). Although this is a reasonable theoretical observation, we do not know the extent to which it holds empirically.
At the same time, there are reasons to assume that possible neighborhood effects on immigrant organizations may be rather limited. The organizing process of immigrants is strongly connected to the characteristics of the immigrant group in a city, rather than a neighborhood level, per se (Vermeulen, 2006; Vermeulen & Brünger, 2014). Immigrant organizations also have a strong transnational character (Østergaard-Nielsen, 2003), and some case studies of community-based organizations in disadvantaged immigrant neighborhoods question the direct link between the organizations and the neighborhoods in which they are located (see for example, Marwell, 2007; McA Roberts, 2005).

Regardless of the strength or the direction of the link between immigrant organizations and their neighborhood, we know that survival is central to the success of a range of formal organizations, including those of the community-based immigrant nature that we are interested in here. Minkoff (1993) asserts that organizational persistence is itself a measure of the success of change-oriented organizations. Walker and McCarthy (2010) also argue that to be effective and bring about change in their communities, community-based organizations must first of all survive. What motivates this article is a desire to understand better the process that causes some immigrant organizations to survive and others to disband. Besides recognizing the organizational features that give some a survival advantage, we are even more interested in whether we can identify neighborhood characteristics that influence organizational survival.

Our research builds on earlier studies of the survival of local nonprofit and community-based organizations that have focused primarily on the influence of specific organizational characteristics (Hager, Galaskiewicz, & Larsen, 2004; Selle & Øymyr, 1992; Singh, Tucker, & House, 1986; Walker & McCarthy, 2010). We also draw on a related stream of research emphasizing the embeddedness of nonprofits and voluntary associations in macro-institutional and ecological contexts that shape their viability over time, with a specific interest in understanding the broader implications for organizational populations (see for example, Baum & Oliver, 1991; Minkoff, 2002). In line with a more recent set of developments in organizational sociology, we focus here on “organizations’ simultaneous embeddedness in both geographical communities and organizational fields” (Marquis & Battilana, 2009: 285) as a way to understand how local context—in this case, neighborhoods—might matter. To this end, we conceptualize the local nonprofits in our study as specifically neighborhood-based organizations (Milo fsky, 1987). Last but not the least, our examination of the influence of neighborhood characteristics on the failure of immigrant organizations directly addresses Selle and Øymyr’s (1992) unheeded concern about “the simultaneous need for both timeseries and multilevel data in order to dig deeply into the process of macro-organizational change” (p. 147).

The following two sections outline what we consider the most important organizational and neighborhood characteristics that promote the survival of community-based immigrant organizations. We focus on those spatial- and organizational-level features that promote organizational legitimacy, which is crucial for successfully negotiating uncertain social and political environments and surviving over time. The remainder of the article is devoted to testing our theoretical expectations. For this, we used original
data on Turkish, Moroccan, and Surinamese immigrant organizations active in Amsterdam in 2002. These are the three largest immigrant groups in Amsterdam and together constitute about a quarter of the total city population. We analyze the likelihood of organizational failure in 2007 and 2012 through multilevel models that take organizational and contextual characteristics into account. Amsterdam is a germane case study, as a majority of the population is of immigrant background, and organizations acting on behalf of immigrants have played a vital role on different levels in neighborhood life. These circumstances allow us to see whether the survival of immigrant community-based organizations is conditioned by the neighborhoods in which they are located.

The Survival of Immigrant Organizations: Acquiring Legitimacy in Uncertain Environments

As is the case for all organizations, environments are uncertain for immigrant community-based organizations and make very different demands on them (see, for example, Aldrich, 1999). The basic need to secure resources, while also meeting the variable and often competing expectations of a range of organizational stakeholders—be they members, staff, funders, or public officials, for example—requires a responsiveness to circumstances beyond an organization’s immediate control and, by extension, organizational routines for managing external dependencies (Pfeffer & Salancik, 1978). This tension is built into the forms and structures of organizations in a process that results in a loosely coupled set of organizational elements designed to resolve competing environmental demands (McQuarrie & Marwell, 2009). Some organizations are more successful than others in adapting to these environmental demands. Others are selected out of the organizational population by competition (Hannan & Freeman, 1989). Minkoff (1993) posits that those properties promoting an organization’s legitimacy are what determine the survival advantages of nonprofit organizations, namely, by facilitating their acquisition of resources.

Legitimacy is a basic component in the development of any organizational population (Stinchcombe, 1965); it is the generalized belief that an organization’s actions are desirable, suitable, and appropriate within a socially constructed system of norms, values, and beliefs (Suchman, 1995). Organizations seek legitimacy and support by incorporating structures and procedures that match widely accepted models in society (Meyer & Rowan, 1977). Legitimacy is further gained when relevant stakeholders, which comprise both internal and external audiences, endorse and support the aims and activities of an organization. Processes of legitimation are, among other things, strongly related to the age of the organization (Stinchcombe, 1965). New organizations fail at higher rates than older organizations. The most important reason for this is that it costs time and energy to build a solid organizational structure. An organization needs coordination skills and routines, which only develop through repeated interaction. It takes time to build trust with other participants, as well as with members, customers, and external patrons of the organization. Eventually, this trust will increase the legitimacy of an organization. New organizations, therefore, tend to have higher

**Hypothesis 1:** Organizational age will be positively associated with survival.

Aldrich (1999) distinguishes between two types of organizational legitimacy: cognitive and socio-political. Cognitive legitimacy refers to the public’s acceptance of a new kind of organization as a taken-for-granted feature of society. As more organizations of a certain type emerge and the public becomes faithful consumers of their products, the cognitive legitimacy for this organizational form increases. Organizational constituents—in this case, immigrant residents of a neighborhood—perceive the organization not only as more worthy but also as more meaningful, more predictable, and more deserving of trust (Hannan & Freeman, 1989).

Existing studies show that cognitive legitimacy for immigrant organizations is mainly influenced by the process of immigration and the related demand for organizations by an immigrant constituency. Because immigration causes disruptions in an individual’s life, immigrant organizations try to offer a safe environment that cushions newcomers from the unfamiliarity or hostilities of the host society (Schrover & Vermeulen, 2005; Vermeulen & Brünger, 2014). Religious organizations often play a crucial role in this process. Not only are they regarded as highly appropriate because they offer associational activities already familiar to immigrants, but they also possess religious sources of legitimacy and, as such, have the capacity to develop autonomous community leaders for their groups (Hung, 2007; Vermeulen & Brünger, 2014; Walker & McCarthy, 2010).

**Hypothesis 2:** Religiously affiliated (congregation-based) immigrant organizations will have higher rates of survival.

Socio-political legitimacy, on the contrary, refers to the acceptance by key stakeholders in society, such as government officials, opinion leaders, and relevant external publics, that a certain type of organization represents an acceptable and appropriate organizational form or unit (Aldrich, 1999). Organizations are more likely to survive if they obtain legitimacy and social support from external constituents in their institutional environment and patrons (Baum & Oliver, 1991). Socio-political legitimacy is rarely won by new organizations acting on their own. Organizers must cooperate with other organizations in the emergent population to increase socio-political legitimacy, which will allow them to speak with one voice and strengthen their claims. Groups with institutional linkages to other nonprofit organizations in the city have been found to have dramatically higher rates of survival as collaborations with established institutional actors both improves the flow of reliable resources and demonstrates that the organization is accountable to its stakeholders within and outside of the organization (Baum & Oliver, 1991; Galaskiewicz, Bielefeld, & Dowell, 2006; Wollebaek, 2009).
Hypothesis 3: Immigrant organizations with strong institutional linkages in the city will have higher rates of survival than immigrant organizations with weak linkages.

The socio-political legitimacy of community-based organizations further rests on the extent to which the organization accurately represents the interests of low-income constituencies, as local nonprofit organizations need to balance expertise and local representation (Walker & McCarthy, 2010). Organizations that are able to represent a diverse constituency—for instance, in terms of ethnicity, class, gender, or ideology—gain socio-political legitimacy, which promises to increase their survival rates.

Hypothesis 4: Immigrant organizations that represent the interest of different local constituencies in their organization will have higher rates of survival.

Organizations in a given organizational population, furthermore, compete with each other for both resources and different forms of legitimacy. The more organizations that exist in a given population, thereby increasing density, the stronger the competition for limited resources. However, organizations may also collaborate with each other, which potentially increases their legitimacy among stakeholders and constituents; this will raise their standing as a taken-for-granted feature within society and promote the viability of this kind of organizational form more widely (Hannan & Freeman, 1989). Existing research reveals how, among similar immigrant organizations, resource competition tends to be stronger than mutualism, meaning that the growth of what can be thought of as the immigrant organizational population suppresses organizational survival, rather than facilitating it (Vermeulen, 2013). This competitive pattern tends to hold both within and across specific constituency-based organizations (Minkoff, 1995). At the neighborhood level, we expect that competition among all existing nonprofits will be especially intense, given the relatively limited local resource base.

Hypothesis 5: High levels of nonprofit organizational density will be associated with higher failure rates among local immigrant organizations.

More recent scholarship suggests that some of these forms of cognitive and socio-political organizational legitimacy are not formed in a vacuum and their spatial dimension thus needs to be considered. Marquis and Battilana (2009) state that most organizational studies have focused only on the organizational and organizational field levels of analysis. They argue the need for studies that address the fact that organizations are simultaneously embedded in multiple environments: local communities (variably defined), organizational fields, and stages of transnationalism. Internal and external constituencies are embedded in local geographical communities. Relatedly, institutional linkages between organizations that increase socio-political legitimacy consist of relationships between local organizations in the same city or neighborhood. Given that organizations represent the interest of local communities embedded in geographical
contexts, competition between community-based organizations often occurs among those located within close geographical proximity, in our case, the neighborhood.

**The Local Embedding of Immigrant Organizations**

Marquis, Glynn, and Davis (2007) introduce a spatial, community-based dimension in their study of organizational legitimacy and social action. Focusing on local corporations that engage in social action, they argue that geographic environments are especially important explanatory factors for understanding locally based organizational activity and social action. They argue that local understandings, norms, and rules can serve as touchstones for legitimizing social action and, by extension, organizational activity in a particular community. Marquis et al.’s study demonstrates that cognitive templates about what constitutes appropriate organizational and social practices differ across geographical spaces. Organizations are pressured to align their activities in ways that are seen as legitimate by the local community. Using locally accepted models enhances the life chances of organizations located in that particular community. Organizations will also collaborate and compete with each other within these geographical spaces.

In their analysis, Marquis et al. primarily focus on the city as the local community that constitutes the relevant institutional context. Through regulative, normative, and cultural-cognitive processes, this arena has an enduring influence on urban-based organizational dynamics. The logic of their argument extends to other relevant levels of analysis. As we have argued, the neighborhood seems to be the spatial context that constitutes the key resource environment in which immigrant organizations operate, collaborate, and compete. Most of their members or clients live in the neighborhood; their activities are often aimed at neighborhood goals; funding and other forms of support are requested from local authorities in the neighborhood or city district; housing is provided by neighborhood buildings; other local organizations are partners or competitors. In other words, the neighborhood as a geographical unit is considered a key facet of immigrant life (Logan et al., 2002).

Scholarly thinking about neighborhoods and community-based organizations is strongly influenced by the Chicago School sociologists, who considered the neighborhood the fundamental unit of social organization in the modern city. Urban life was organized and developed in distinctive neighborhoods in which formal organizations, such as religious institutions, community newspapers, ethnic clubs, and local schools, played important roles—notably by articulating a distinctive social order in the neighborhood. These organizations provided concrete social settings within which neighborhood inhabitants could interact and produce community norms of behavior (McQuarrie & Marwell, 2009: 250-253). The presence, or absence, of community-based organizations is regarded by urban scholars working in this paradigm as an indicator of strong, or weak, levels of social interaction between neighborhood dwellers. Accordingly, the strength of underlying social networks and the degree of neighborhood dwellers’ individual civic participation are thought to explain the presence and continued existence of the community-based organizations (Sampson, 2012; on Amsterdam, see also Vermeulen et al., 2012).
In an important corrective to the Chicago School paradigm, McQuarrie and Marwell (2009) assert that much recent urban research demonstrates that urban social organization is increasingly driven by social, economic, and political dynamics extending far beyond the neighborhood (see also Marwell, 2007). If organizations are indeed constituted by extra-local factors, then the association between organizations and the neighborhood in which they are located mainly takes the form of organizations influencing the neighborhood, not the other way around, or is assumed to be completely independent. McRoberts (2005) provides a clear example of this in his study of Black, mainly immigrant, churches in an economically marginalized neighborhood in Boston. The many churches there were not social spaces where neighborhood cohesion was fostered; rather, all members came from outside the neighborhood. These organizations were places in which social cohesion was cultivated within specific affinity groups. According to McRoberts, Black churches were communities in themselves. They happened to be located within that neighborhood mainly because of affordable rents and the fact that the neighborhood was easily accessible for people coming from outside it. The capacities and contacts that the churches generated had little relevance for the neighborhood. This is not to say that the capacities and features of the neighborhood had no relevance for the organizations; the relevance was not social but mainly infrastructural (provision of cheap adequate housing).

By contrast, other studies focusing on immigrant organizations posit that neighborhood characteristics do have an important effect on the vitality rates of individual immigrant organizations in a particular neighborhood. Joassart-Marcelli (2013), for instance, found stark difference between the organizational density of immigrant groups in specific ethnic neighborhoods and explains this in part by particular features of the neighborhood. She argues that immigrant groups exhibiting higher degrees of spatial concentration are more likely to be served by nonprofit organizations. This, according to her, underscores the importance that space and social networks take on in supporting voluntarism among immigrants. Neighborhoods with higher percentages of one particular immigrant group will provide a positive environment for community-based organizations, thus producing local understandings, norm, and rules that can serve as collective frames for legitimizing immigrant organizational action.

Following Joassart-Marcelli’s (2013) research, we have reason to expect that a neighborhood’s demography has an effect on organizational vitality. This expectation links up with discussions in recent studies on the effect of ethnic diversity in neighborhoods and social capital. For example, Vermeulen et al. (2012) expect more immigrant organizations and better life chances for organizations in ethnically diverse immigrant neighborhoods. They argue that immigrant groups have different, very specialized needs that are not usually provided by existing host society organizations. In ethnically diverse neighborhoods, they find a high number of immigrants from different countries. This consequently increases the demand for immigrant-specific organizations, thereby increasing the cognitive and socio-political legitimacy for immigrant organizations in these neighborhoods (Schrover & Vermeulen, 2005). By extension, neighborhoods with more ethnic diversity—not necessarily neighborhoods with a high percentage of one particular immigrant group—are expected to support the activities
and survival of immigrant organizations. This is in keeping with the spatial understanding of organizational legitimation.

**Hypothesis 6a:** Ethnic diversity within neighborhoods is associated with lower failure rates among immigrant organizations.

Concurrently, the constrict claim (Putnam, 2007) has led to an increase in studies investigating whether ethnic diversity within residential settings undermines interpersonal connections, including associational life (for a meta-analysis, see van der Meer & Tolsma, 2014). As Putnam (2007) has suggested, “inhabitants of diverse communities tend to withdraw from collective life” (p. 150). Putnam’s constrict theory suggests that diversity is harmful to social cohesion between majority groups (generally, natives) and minority groups (generally, immigrants), as well as for in-group cohesion. This implies that voluntary organizations, in particular, may find it more difficult to survive in ethnically diverse neighborhoods, as their constituents are more likely to remain passive. Although the theoretical mechanism behind this constrict theory remains unclear—possibly revolving around anomie or perceptions of ethnic conflict—a booming literature has tested the claim with, at best, mixed results, as we can see in integrative studies of the field, both globally (Portes & Vickstrom, 2011; Savelkoul, Gesthuizen, & Scheepers, 2014; van der Meer & Tolsma, 2014), and specifically in the Netherlands (Gijsberts et al., 2012).

**Hypothesis 6b:** Ethnic diversity within neighborhoods is associated with higher failure rates among immigrant organizations.

Finally, there is good reason to expect that the socioeconomic characteristics of neighborhood residents, such as compositional effects related to levels of education and wealth, also play a role in the survival of immigrant organizations. Affluent neighborhoods stimulate organizational membership and volunteerism, whereas poverty drives both down (Letki, 2008; Tolsma, Van der Meer, & Gesthuizen, 2009). Economic affluence appears to be a more decisive determinant than ethnic diversity, at least in the Netherlands, with no evident difference for immigrant residents (Gijsberts et al., 2012). Extending this argument to the neighborhood level, we expect that more affluent neighborhoods will provide a more resource-rich environment for organizational survival, both in terms of infrastructure and the supply of constituents (whether volunteers or clients).

**Hypothesis 7:** Neighborhoods with low socioeconomic status will have higher immigrant organizational failure rates.

To reiterate, legitimation processes, whether cognitive or socio-political, also have a spatial dimension. Constituents—be they internal and/or external—and organizational populations are embedded in geographical spaces, which can be conceptualized at different levels of analysis, from the global to the local. With respect to immigrant
community-based organizations, there are good reasons to expect a strong link with their neighborhood—a key facet of immigrant life—although there are also reasons to question the existence of this link. If there is a link, we expect to see in diverse immigrant neighborhoods the development of local demand for immigrant organizational action, which increases organizational legitimacy for immigrant organizations and decreases organizational failure rates.

Data and Measurement

Given our interest in the joint effects of organizational-level and neighborhood-level characteristics on organizational failure rates over time, we found that a multilevel design was necessary for this analysis. To this end, we constructed a unique data set that combines information on the activities of immigrant organizations in Amsterdam at three points in time, giving various details about the neighborhoods in which they are officially located. The organizational-level data were collected from the Amsterdam Chamber of Commerce for the years 2002, 2007, and 2012. We looked at all foundations and associations registered in the Chamber of Commerce (Vermeulen, 2006, 2013).1

The starting point for our analysis is the 2002 database, which includes 17,540 nonprofit organizations operating in Amsterdam (Tillie & Slijper, 2007). It provides information on the year each organization was founded, along with its name, address, mission statement, and details about board members, such as name, country, and date of birth. We defined an immigrant organization as an officially registered nonprofit organization with at least half its board members originating from one single immigrant group (Vermeulen, 2006), and we used country of birth to determine the origin of a board member. These organizations can be foundations or associations, thereby representing a mix of membership and staff-run nonprofits. We gathered data for all Surinamese, Moroccan, and Turkish organizations in Amsterdam for 2002 and then consulted the same Chamber of Commerce databases for 2007 and 2012 to ascertain whether an organization was still active in those years.

For 2002, we identified 516 Surinamese organizations, 206 Moroccan organizations, and 226 Turkish organizations in Amsterdam. In 2007, of these 948 immigrant organizations, 303 (32%) were disbanded: 184 Surinamese (36%), 64 Moroccan (31%), and 55 Turkish (24%). By 2012, 391 (41%) of all immigrant organizations active in 2002 were disbanded: 231 Surinamese (45%), 88 Moroccan (43%), and 72 Turkish (32%).

Neighborhood characteristics were compiled from a variety of publicly available sources, as discussed below.

Dependent Variable: Organizational Failure

The dependent variable in our analyses is organizational disbanding, a dummy variable indicating whether an organization identified as active in 2002 was disbanded in 2007 or 2012 (1 = yes, 0 = no).
Independent Variables

We measured relevant independent variables at three levels: time span (year), organization, and neighborhood. Following from our theoretical description, at the organizational level we focus on characteristics that capture dimensions of organizational legitimacy. Some variables on the organizational level also capture a spatial dimension beyond the neighborhood per se (examples include board size as indicator for representing a local community and interlocks as indicator for level of embeddedness within the citywide nonprofit organizational field).

**Time.** At this first level, we looked at the effect of time on disbanding, including a measure for year, indicating whether the organization was identified as having disbanded between 2002 and 2007 or between 2007 and 2012. This variable includes a growth curve at the time level, which models the increase in mortality between 2007 and 2012.

**Organizational level.** At this second level, we looked at the following organizational characteristics (all measured in 2002).

**Age.** Organizational age was calculated according to the reported year of organizational founding. We used a linear and quadratic (squared) specification to test for the liability of newness (Hypothesis 1); inclusion of both terms captured the predicted non-linear (declining) effect of age on failure.

**Religious orientation.** Following Walker and McCarthy (2010), we might expect religiously affiliated congregation-based organizations to stand out among other groups in their capacity for organizational survival. This is due to the religious source of their legitimacy among immigrant constituencies (Hypothesis 2). We included a dummy variable in our model to indicate whether the immigrant organization was explicitly religious in its orientation or mission (coded 1 if yes).

**Legal form.** Comparing associations with foundations, we included a dummy variable indicating if an organization was an association (1 = yes, 0 = no). In line with Hypothesis 4, we expect associations, with their members and annual elections, to have a stronger link with the local immigrant constituency and therefore possess more legitimacy in the community.

**Board size.** Board size indicates the number of board members that the immigrant organization had. We might expect the number of board members in an organization to increase socio-political legitimacy. Organizations with a large number of board members often include community members with diverse backgrounds, thereby increasing confidence and linkage with the community, as formulated in Hypothesis 4. In addition, many immigrant organizations with a large number of board members are local platforms of—or umbrella organizations for—larger religious or ideological movements that combine smaller community-based organizations. Such groups are better
able to represent the interests of their constituencies, compared with immigrant organizations with fewer board members.

**Interlocks.** An interlocking directorate is the existence of overlapping board memberships between organizations. This concept is often used to study interorganizational relationships and elite networks (Vermeulen, 2006). Establishing collaborative linkages to other institutions is an important means by which organizations achieve reliability and accountability and increase their socio-political legitimacy as formulated in Hypothesis 3. Organizations with board interlocks with other nonprofit organizations in the city have been found to have dramatically higher rates of survival due to their ability to acquire socio-political legitimacy (Baum & Oliver, 1991; Galaskiewicz et al., 2006; Wollebaek, 2009). In our study, this variable indicates whether the organization has at least one interlocking directorate with any other of all nonprofit organization in the 2002 Chamber of Commerce database. Around 25% of the immigrant organizations with at least 1 interlock have a link with an organization outside their own immigrant community (Tillie & Slijper, 2007).

**Ethnic affiliation.** We included a series of dummy variables in our models to control for the effect of board members’ ethnic background (Turkish, Moroccan, or Surinamese). This is a conventional way to measure organizations’ ethnic immigrant affiliation. Previous research has suggested that Amsterdam’s Turkish organizations have better chances at survival than Surinamese or Moroccan ones because the city’s Turkish community is much better organized, thanks to transnational influences and strong ethnic social networks (Vermeulen, 2006).

**Neighborhood level.** At this third level, we looked at the effect of certain characteristics for the neighborhood in which the organization was located. These were measured in 2001 to 2002, and our units of analysis were neighborhoods in Amsterdam, the capital of The Netherlands capital, which then comprised 94 neighborhoods, vastly differing in terms of surface area and number of residents (Vermeulen et al., 2012). To deal with skewed distributions, some neighborhood measures were recoded into dichotomies or quartiles. We tested all effects for robustness under different specifications.

Measures included were the following:

**Organizational density.** This variable took note of the number of other nonprofit organizations (immigrant and non-immigrant) in the neighborhood to study the effect of resource competition among local nonprofits in the same neighborhood (Hypothesis 5). The density-dependent model anticipates processes of collaboration and competition to be stronger in a population with many organizations (high density). We created dichotomous variables indicating whether a neighborhood was above or below the median for organizational density across all Amsterdam neighborhoods.

**Diversity.** We used the Herffindahl index of fragmentation to measure a neighborhood’s ethnic heterogeneity. Through this, we could study the effect of neighborhood
demography as a spatial source of organizational legitimacy (Hypotheses 6a and 6b). Proportions of Amsterdam’s seven main ethnic categories (including first- and second-generation immigrants), as identified for each area by national Dutch statistics agency Centraal Bureau voor de Statistiek (CBS) and Amsterdam’s statistical agency O + S, were squared, summed, and subtracted from 1; a value of 0 indicates complete homogeneity and a value of 1 indicates complete heterogeneity. The variable indicated in which quartile on the diversity index a neighborhood fell, compared with all other Amsterdam neighborhoods.5

**Average income.** This variable measured a neighborhood’s average income (Hypothesis 7). We constructed dummy variables indicating whether the neighborhood was in the first, second, third, or fourth quartile for income across all Amsterdam neighborhoods.

**Educational level.** To control for neighborhood educational level, we used the average for the same category provided by the CBS. This variable indicated in which quartile on the educational level index the neighborhood fell, compared with all other Amsterdam neighborhoods.

**Share of young residents.** We control for percentage of young people (less than age 18) in a neighborhood as this demographic could constitute an important target group for community-based organizations. This variable indicated in which quartile on the youth concentration index the neighborhood fell, compared with all other Amsterdam neighborhoods.

**Share of new buildings.** Some immigrant neighborhoods in Amsterdam underwent extensive urban renewal developments after the year 2000, which had significant effects on their demography and social networks. To control for such effects, we included a variable measuring the percentage of buildings constructed after 2000 in a neighborhood.

**City center.** We also included a dummy to indicate whether an organization was located in the city center (specified as “City center”). Many nonprofit organizations prefer to be located here, in close proximity to the main cultural, political institutes, and educational institutes. However, real estate prices are much higher here than elsewhere in Amsterdam and the resident composition is consequently very different from the rest of the city. By controlling for a city center variable, we therefore eliminated potential self-selection effects.

**Modeling Strategy**

Given our interest in the effects that both organizational-level and neighborhood-level characteristics have on organizational failure rates over time, multilevel modeling techniques were the most appropriate analytic tool (Snijders & Bosker, 1999). Our
data were hierarchically structured: Organizations are nested in different neighborhoods, with observations concurrently nested in different organizations. To deal with this clustering and ensure a non-biased estimation of standard errors at each level of analysis, we estimated logistic (random intercept) multilevel models using MLWin 2.26 (Rasbash, Steele, Browne, & Goldstein, 2012). Due to the complexity of the model (with three levels of analysis and binary outcome), we used first-order penalized quasi-likelihood (PQL) estimation.

In a parsimonious model, we first estimated the mortality of the very same organizations in 2007 and 2012 in one single model. We treated the repeated measures as the lowest of three levels of analysis in our multilevel models, below organizations (Level 2) and the neighborhoods where they were registered in 2002 (Level 3). The inclusion of a growth curve at the time level (Level 1) modeled the increase in mortality between 2007 and 2012. The growth curve model allowed us to assess whether an increase in mortality was conditioned by organizational and/or neighborhood characteristics, that is, whether organizational and neighborhood effects differed across time. Although we estimated various cross-level interaction effects in random slope models, none was significant (regardless of whether we estimated them in isolation or simultaneously). We concluded, therefore, that there was no significant difference in the impact of contextual factors on organizational mortality between 2007 and 2012. This finding proved consistent with the major similarities found in the separate models of 2007 and 2012.

The next section begins with a discussion on results from the combined models. This is followed by an examination of results from separate estimations of organizational disbanding in 2007 and 2012.

**Results**

Table 1 decomposes the variance of the intercept in subsequent three-level models. Because we performed logistic regression analyses, the variance estimate at the lowest level of analysis is fixed; as a result, the other variances are not absolute and can only be interpreted relative to that fixed parameter (Snijders & Bosker, 1999). The table shows that there is significant variance at Level 2 (organizations), though in the empty model (with no determinants) we already see no significant variance at Level 3 (neighborhoods). Although neighborhoods here appear to be largely irrelevant contexts for association survival rates, there may nevertheless be significant neighborhood effects. To test this, we carefully built up our models in Tables 2 and 3.

Table 2 provides the result of the logistic multilevel parsimonious models for the years 2007 and 2012 combined. Model A illustrates that more organizations had disbanded by 2012 than 2007. Survival here is a one-way street: The organizations that disbanded in 2007 did not revive in 2012. Model B includes the relevant organizational characteristics. As expected, most properties that promote organizational legitimacy and facilitate acquisition of resources are crucial to the survival of immigrant organizations in Amsterdam. Confirming Hypotheses 2, 3, and 4, religious affiliation, the number of board members, and the presence of interlocks with other nonprofit
Table 1. Multi-Level Variance Analyses.

<table>
<thead>
<tr>
<th></th>
<th>Empty model</th>
<th>Time model (Model A)</th>
<th>Assocional model (Model B)</th>
<th>Full model (Model D)</th>
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<tr>
<td>Level 1 (years)</td>
<td>$\pi^2/3$</td>
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<td>$\pi^2/3$</td>
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<td>Level 2 (associations)</td>
<td>1.66 (0.18)**</td>
<td>0.284 (0.28)</td>
<td>2.83 (0.28)**</td>
<td></td>
</tr>
<tr>
<td>Level 3 (neighborhoods)</td>
<td>0.06 (0.06)</td>
<td>0.11 (0.09)</td>
<td>0.00 (0.00)</td>
<td></td>
</tr>
<tr>
<td>Cases</td>
<td>1,896</td>
<td>1,896</td>
<td>1,896</td>
<td>1,896</td>
</tr>
</tbody>
</table>

Note. Random intercept models. Standard errors in parentheses; one-sided tests. 
*p < .05. **p < .01.

Table 2. Multilevel Regression Analyses: Explaining Immigrant Organizational Disbanding.

<table>
<thead>
<tr>
<th></th>
<th>Model A</th>
<th>Model B</th>
<th>Model C</th>
<th>Model D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1 (years)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year (2012, ref: 2007)</td>
<td>0.14 (0.02)**</td>
<td>0.15 (0.02)**</td>
<td>0.15 (0.02)**</td>
<td>0.15 (0.02)**</td>
</tr>
<tr>
<td>Level 2 (associations)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethnicity (ref: Surinamese)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moroccan</td>
<td>0.10 (0.20)**</td>
<td>0.09 (0.20)**</td>
<td>0.17 (0.21)**</td>
<td></td>
</tr>
<tr>
<td>Turkish</td>
<td>−0.38 (0.20)</td>
<td>−0.43 (0.20)</td>
<td>−0.35 (0.21)</td>
<td></td>
</tr>
<tr>
<td>Religious</td>
<td>−0.92 (0.26)**</td>
<td>−0.83 (0.26)**</td>
<td>−0.84 (0.26)**</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>0.06 (0.03)**</td>
<td>0.06 (0.02)**</td>
<td>0.06 (0.03)**</td>
<td></td>
</tr>
<tr>
<td>Age²/100</td>
<td>−0.15 (0.08)**</td>
<td>−0.15 (0.08)**</td>
<td>−0.15 (0.08)**</td>
<td></td>
</tr>
<tr>
<td>Association</td>
<td>−0.04 (0.19)</td>
<td>−0.03 (0.19)</td>
<td>−0.07 (0.19)</td>
<td></td>
</tr>
<tr>
<td>Board</td>
<td>−0.26 (0.05)**</td>
<td>−0.26 (0.05)**</td>
<td>−0.26 (0.05)**</td>
<td></td>
</tr>
<tr>
<td>Interlocks</td>
<td>−0.32 (0.16)**</td>
<td>−0.33 (0.16)**</td>
<td>−0.33 (0.16)**</td>
<td></td>
</tr>
<tr>
<td>Level 3 (neighborhoods)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational density</td>
<td>0.47 (0.19)**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average income (ref: first quartile)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second quartile</td>
<td>0.34 (0.23)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third quartile</td>
<td>0.70 (0.37)**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fourth quartile</td>
<td>0.72 (0.45)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversity</td>
<td>0.27 (0.18)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educational level</td>
<td>−0.00 (0.15)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of young residents</td>
<td>−0.01 (0.02)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of new buildings</td>
<td>0.01 (0.01)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City center</td>
<td>0.83 (0.26)**</td>
<td>0.50 (0.33)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cases</td>
<td>1,896</td>
<td>1,896</td>
<td>1,896</td>
<td>1,896</td>
</tr>
</tbody>
</table>

Note. Random intercept models. Standard errors between brackets; one-sided tests. 
*p < .05. **p < .01.

Amsterdam organizations all significantly decreased organizational disbanding rates, only legal form did not. These results are robust, remaining statistically significant.
when adding neighborhood characteristics in Models C and D. Furthermore, we found a significant liability of newness, as predicted by Hypothesis 1 (Models B through D). Younger immigrant organizations had significantly higher disbanding rates that declined as they aged. We interpreted this finding as evidence for our claim that skills and routines furthering organizational legitimacy, and hence survival, take time to sink in. Finally, although not a focus of theoretical interest, the results demonstrated that Turkish immigrant organizations have significantly lower failure rates than Surinamese and Moroccan organizations, which we interpreted as a function of their stronger ethnic social networks and embeddedness in strong institutionalized Turkish transnational linkages (Vermeulen, 2006). This effect is robust across all models.

Models C and D present stepwise specifications of neighborhood effects in an effort to parcel out the effects of urban location (Model C) and organizational, social demographic, and political contexts (Model D). In Model C, we found a significant effect of organizations located in the city center displaying higher mortality rates, which is most likely explained by the area’s high real estate prices. However, when
other neighborhood characteristics were included, this effect disappeared. Overall, Model D indicates that few neighborhood characteristics significantly influence the life chances of immigrant community-based organizations.

Nevertheless, we did find two neighborhood characteristics with significant effects. The first, organizational density, shows that in neighborhoods with a high number of both immigrant and non-immigrant organizations, immigrant community-based organizations are more likely to fail due to competition effects, confirming Hypothesis 5. This finding demonstrates that the interactions of community-based organizations with the geographical context in which they operate are important for the vitality rates of individual immigrant organizations. Second, in neighborhoods falling in the third quartile for average income, immigrant organizations are more likely to fail. This result is more difficult to interpret, as the fourth quartile is not significant (though of about the same effect size), and the positive effect contradicts our expectations, as outlined in Hypothesis 7. One possibility is that these resource-rich neighborhoods are less conducive to the survival of specifically immigrant-based organizations, given the potentially higher operating costs and the residence of immigrants themselves in less affluent neighborhoods and, by implication, the presence of fewer clients or volunteers to sustain the organization.

Looking at disbanding rates in 2007 and 2012 separately, as per Table 3, we see how some organizational characteristics that significantly influenced disbanding rates in the combined parsimonious model of Table 2 are also significant for both 2007 and 2012. Here, we refer to religion and board members. The variables measuring interlocks and age appear to have an especially strong effect on the longer term (2012). Interestingly, Table 3 also displays some additional effects for the fourth quartile of neighborhood average income. This category appears to have a positive and statistically significant effect on the failure rates of immigrant organizations in Amsterdam in 2012. It may be the case that the demand for specific immigrant community-based organizations is lower in more affluent Amsterdam neighborhoods, which may affect their chances for survival there.

**Discussion and Conclusion**

Social organizations are considered a vital aspect of life in urban neighborhoods, both for individual residents and for the neighborhood as a whole. These organizations represent, empower, and mobilize poor residents by providing them with potentially more resources, access to local political systems, and means of incorporation into mainstream society. Activities of these organizations have been shown to revitalize poor neighborhoods, to distribute resources across neighborhoods, and to create social interactions and social solidarity among residents. Organizational survival is central to the success of these organizations and their ability to contribute to the improvement of immigrant neighborhood life.

We began this article by noting that the relationship between social organizations and neighborhoods is likely to be more complicated than implied by recent scholarship on neighborhood effects. The neighborhood is, to a large extent, the uncertain resource
environment in which these social organizations operate. However, little research has actually examined how neighborhood context influences organizational processes. Focusing on the case of immigrant organizations in Amsterdam, we examined the interplay of organizational and neighborhood characteristics on organizational survival over time. Using original data and multilevel methods, we tested a number of hypotheses regarding the organizational features expected to provide advantages with respect to negotiating uncertain political and social environments and specific neighborhood characteristics believed to influence the ability of organizations to remain active sponsors of immigrant group interests.

Our analysis confirms that organizational characteristics that enhance the embeddedness and legitimacy of community-based organizations are crucial for understanding the ability of local groups to remain active over long periods of time. We argue that organizational characteristics—such as having interlocking directorates with other nonprofit organizations in the city, the ability to include different local constituencies on boards of directors, and religious affiliation—improve the socio-political legitimacy of these organizations, thereby enhancing their survival chances. These organizational properties facilitate the acquisition of crucial resources, such as social and financial support from external political patrons and, probably most importantly, from the local immigrant constituency itself. These resources enable organizations to continue their vital contributions to their local constituencies, the vulnerable environments in which they operate, and the city in which they are located. Moreover, there is a spatial dimension in some of these results as expected by Marquis et al. (2007); the connection with other nonprofits in the city (interlocks) and the ability to represent a local constituency (board size) indicate a stronger embeddedness in a local urban community, which increases organizational viability.

The failure rates of immigrant organizations in Amsterdam appears to be less influenced by the neighborhood context, measured in terms of features such as the extent to which the neighborhood is ethnically diverse and its socioeconomic affluence. The only neighborhood dimension that had a measurable effect on organizational failure rates was the density of nonprofits in the neighborhood. Immigrant neighborhood-based organizations in Amsterdam competed with other nonprofit organizations in the neighborhood for basic organizational resources—legitimacy being an important one of them. All other neighborhood-level indicators, including the control variables, did not significantly affect organizational failure rates. We take this as provisional evidence that the neighborhood level may not be as relevant as we expected, at least not for neighborhood-based organizations dedicated to serving immigrant groups, which often have distinct transnational features. In keeping with some existing studies on community-based organizations in economically marginalized areas of American cities (Marwell, 2007; McRoberts, 2005), we interpret these findings to mean that organizational environment at the neighborhood level may not always be a relevant source of institutional material for organizational action or resource procurement.

Our case study of immigrant organizations in Amsterdam represents our effort to address the “missing organizational dimension” (McQuarrie & Marwell, 2009) in studies of urban life by conceptualizing these organizations as mutually constituted by their
Vermeulen et al.

spatial location and organizational processes (Marquis & Battilana, 2009). Our findings suggest the importance of taking the organizational level more seriously both theoretically and empirically. At the same time, we advocate for continued attention to how the urban context shapes such crucial processes as the survival of nonprofit, community-based organizations, with greater attention to specifying the most relevant level of analysis and taking differences in organizational forms into account. The diversity of immigrant organizations studied here may in fact eclipse important differences across organizational forms, such as nonprofit service providers, recreational and leisure associations, and cultural organizations that target their activities to nearby residents, compared with citywide (or even broader) advocacy or support organizations whose locational decisions are independent from their mission or constituency—that would imply a tighter link between neighborhood and organizational vitality. To determine whether this is a more generalized pattern, we need further comparative research on other non-immigrant, community-based organizations and studies in other contexts.

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Notes

1. Legal entities for furthering the public interest in civil law countries such as the Netherlands include both associations and foundations. A foundation is first and foremost characterized as having a type of legal personality without a necessary internal controlling body. The desires of the founder who attributed property to the foundation generally have great impact on how the organization runs. By contrast, in an association, members’ wishes are paramount (Van der Ploeg, 1999).

2. The national Dutch statistics agency Centraal Bureau voor de Statistiek (CBS) calls these 94 geographical units “buurten” (“neighborhoods”). The local Amsterdam statistical agency Bureau Onderzoek en Statistiek (O + S) uses the term “buurtcombinaties” (“neighborhood combinations”) for the same geographical unit.

3. One of the reviewers suggested that further specification of this density measure to capture competition between similar types of immigrant organizations (e.g., between Surinamese organizations), rather than more generalized interorganizational competition, would make more sense in terms of competition for members (McPherson & Rotolo, 1996). Although our organizational sample is not limited to voluntary associations, we did examine constituency-specific density effects, which were not significant in any of our models.

4. We also included numbers for immigrants from the three largest groups in the model to capture ethnic concentration. As these variables were not significant, we decided to focus only on the neighborhood’s ethnic diversity as a way to study effects on organizational failure rates.
5. There is strong variance within Amsterdam in the degree of ethnic diversity and the percentages of different immigrant groups across neighborhoods.

6. To allow models to converge, we had to set some of the co-variances (of slope and intercept) to 0.

References


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