THE ONCE AND FUTURE PIONEERS? THE ROLE OF VOLUNTARY ORGANIZATIONS IN INNOVATION IN THE PERSONAL SOCIAL SERVICES *(VOLUME II)*.

Stephen P Osborne, candidate for the degree of Doctor of Philosophy.

The University of Aston in Birmingham,
November 1995.

The University of Aston in Birmingham: thesis summary.

The Once and Future Pioneers? The Role of Voluntary Organizations in Innovation in the Personal Social Services.

(Stephen P Osborne, candidate for the degree of Doctor of Philosophy; November 1995)

This thesis explores the innovative capacity of voluntary organizations in the field of the personal social services. It commences with a full literature review, which concludes that the wealth of research upon innovation in the organization studies field has not addressed this topic, whilst the specialist literatures upon voluntary organizations and upon the personal social services have neglected the study of innovation. The research contained in this thesis is intended to right this neglect and to integrate lessons from both fields. It combines a survey of the innovative activity of voluntary organizations in three localities with cross-sectional case studies of innovative, developmental and traditional organizations. The research concludes that innovation is an important, but not integral, characteristic of voluntary organizations. It develops a contingent model of this innovative capacity of voluntary organizations, which stresses the role of external environmental and institutional forces in shaping and releasing this capacity. It concludes by considering the contribution of this model both to organization studies and to the study of voluntary organizations. *(Key words: innovation; management; voluntary and non-profit organizations; social policy; organization studies)*

Dedication

For my parents, Frank and Gwendoline Osborne.

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1994 European Symposium on the Third Sector, and the 1995 INDEPENDENT SECTOR conference.

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As always, responsibility for this thesis lies with me and me alone.

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ABBREVIATIONS USED IN THIS THESIS

CAF	Charities Aid Foundation
CVSs	Councils for Voluntary Service
GNP	Gross National Product
ICNPO	International Classification of Non Profit Organizations
IRS	Internal Revenue Service
NCVO	National Council for Voluntary Organisations
NHSCC Act	National Health Service and Community Care Act
PSMRC	Public Sector Management Research Centre
PSS	Personal Social Services
PSSRU	Personal Social Services Research Unit
RCCs	Rural Community Councils
SSDs	Social Services Departments
VBx	Volunteer Bureaux

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CHAPTER FIVE.

FOUR CAUSAL HYPOTHESES AND A PROCESS.

Four causal explanations are frequently put forward to explain the innovative capacity of voluntary organizations. These were outlined previously and comprise the organizational, internal environmental, external environmental and institutional hypotheses. This chapter will explore these in more detail. As detailed earlier, this will be done through three cross-sectional case studies of innovative, developmental and traditional organizations, constituted across the three localities.

The initial approach was to construct the cross-sectional case studies with the aid of the typology of innovation developed earlier (i.e. organizations which identified themselves as involved in creating total, evolutionary, or expansionary innovations; as involved in developing existing services; or as being traditional service providers). In theory this should have resulted in eight organizations from each locality, comprising three innovative organizations, one developmental and four traditional ones. In fact, when the activity of the case study organizations was explored in more detail, the original self-classification of their activity was found to need adjustment against the more objective template of organizational innovation and development constructed for this study. Specifically, whilst the self-classification of innovative activity was confirmed by this re-classification, there was elision between the self classification of the developmental and traditional organizations. This strengthened the supposition developed from the postal survey that there was an element of social construction in the self definition of these organizations, and particulalrly of the developmental organizations, as a result of an extraneous factor. This issue is explored further in the final hypothesis. The results of this re-classification are presented below, in Table 5.1. Table 5.2 then goes on to illustrates the diversity of organizations contained in the case studies. Table 5.2(a) describes the organizational types and Table 5.2(b) describes the organizational beneficiaries, whilst Tables 5.2(c) - 5.2(e) outline the individual organizations involved in the case studies.

All the organizations in the case studies were subject to:

- a structured questionnaire schedule, exploring their organizational and environmental framework, and incorporating the Abbreviated Aston Measures (Inkson et al 1970) with other qualitative questions (for organizational leaders);
- a *workstyle* questionnaire based upon the Kirton Innovation and Adoption Inventory (Kirton 1976), to examine the orientations of key senior managers (for organizational leaders); and
- a semi-structured discussion of their work and objectives based upon a schedule of topic headings (for a range of informants).

For the organizations identified as producing innovative or developmental initiatives, these were supplemented by:

- a structured discussion with a number of informants about the innovative/developmental process, based upon the work of the Minnesota Innovation Studies Project (Van de Ven et al 1989);
- an unstructured discussion around the issues of innovation for that organization; and

- discussions with other key local actors (including those from the statutory and voluntary sectors, and service users where possible).

As detailed above, each hypothesis was then explored using a number of different approaches, in order to provide cross validation.

Table 5.1

Re-classification of the case study organizations

Locality		Type of organization		Total
	innovative	developmental	traditional	
Rural	3	2	3	8
Suburban	3	3	2	8
Urban	3	2	3	8
Total	9	7	8	24

Table 5.2(a)

Summary of organizational type

Organization		Type of organization		Total
	self-oriented	other-oriented	intermediary	
Innovative	1	5	3	9
Development-al	1	5	1	7
Traditional	5	2	1	8
Total	7	12	5	24

Table 5.2(b)

Summary of organizational client groups

Organization	Children and Families	Adults with special needs	General	Total
Innovative	2	5	2	9
Developmental	2	3	2	7
Traditional	2	4	2	8
Total	6	12	6	24

Table 5.2 (c)

Cross-sectional case study of innovative organizations

[Each organization is given a number here [and in Tables 52 (d) and (e], used to identify them in this and the subsequent chapters]

LOCALITY	TYPE OF INNOVATION		
	Total	**Expansionary**	**Evolutionary**
Rural	a residential project for adults with learning disabilities (other-oriented organization) [1]	a volunteer project combining people with mental health problem with elderly people requiring practical support (local intermediary organization) [2]	a counselling service for couples with sexual difficulties (other-oriented organization) [3]
Suburban	a home-based respite support service for carers of adults with special needs (local intermediary organization) [4]	toy library expanding its services to cover adults as well as children (other-oriented organization) [5]	community support project for people with an hearing impairment (self-organization) [6]
Urban	a support organization for carers of adults with special needs changing its function to act as a local development agency in relation to community care (intermediary organization) [7]	leisure project for adults with learning disabilities providing a service for older adolescents with such disabilities (other-organization) [8]	bereavement counselling service creating a group-work approach to counselling with an emphasis on self-help (other-oriented organization) [9]

Table 5.2(d)

Cross-sectional case study of developmental organizations

LOCALITY	ORGANIZATIONS		
Rural	a CVS improving its information dissemination service into isolated rural areas (local intermediary organization) [10]	a residential home for elderly people providing new day service accommodation (other-orieted organization) [11]	
Suburban	an organization providing practical support for people with material problems, improving their second hand furniture service (other-oriented organization) [12]	organization providing day services for adults with mental health problems developing new support groups (other-oriented organization) [13]	a pre-school play group association improving its service for children with special needs (other-oriented organization) [14]
Urban	a support group for carers providing week-end meetings (self-oriented organization) [15]	a toy library improving its support services for mothers (other-oriented organization [16]	

Table 5.2(e)

Cross-sectional case study of traditional organizations

LOCALITY	ORGANIZATIONS		
Rural	organization providing volunteer support to people needing help (local intermediary organization) [17]	organization providing counselling to individuals with problems (other-oriented organization) [18]	organization providing social support to adults with hearing impairment (self-oriented organization) [19]
Suburban	organization to provide social support to adults with chronic health problems (self-oriented organization) [20]	organization providing day care for children with learning disabilities (self-oriented organization) [21]	
Urban	organization providing social support for elderly people (self-oriented organization) [22]	organization providing community support for adults with sight impairment (self-oriented organization) [23]	organization providing counselling to couples with relationship problems (other-oriented organization) [24]

ONE: THE ORGANIZATIONAL HYPOTHESIS

This hypothesis argues that the innovative capacity of voluntary organizations is a function of their formal structural characteristics - or perhaps their lack of them. If this hypothesis were to be proven, one would anticipate significant differences in the structural characteristics of the innovative, developmental, and traditional organizations.

No such differences were immediately apparent from the conduct of the case studies. All the organizations were classified by this researcher as being either an independent organization or part of a federation of organizations . This analysis was confirmed when respondents were asked similarly to classify the organizational origins of their own organizations. Nineteen (79%) of the twenty four organizations reported themselves as having been founded wholly independently and only five reported that any other organization had played a role in their foundation.

In terms of organizational decision making, all the organizations reported this to reside within the local unit, for a number of key organizational decisions (Table 5.3). 96% reported these decisions to be taken by the management committee of the organization, often with a significant input from the officers of the organizations, or the paid manager. 4% reported further that the paid manager had decision-making autonomy. This is not the same as saying that there were not informal or institutional influences on decision making. These are explored subsequently. However, in terms of the formal organizational structure, there were no apparent differences in organizational autonomy, between the three cross-sectional case studies.

Some differentiation was found when the complexity of organizational structures was explored, as seen in Table 5.4. Respondents were asked to specify the organizational tiers of their organizations. The innovative organizations did include more tiers than the developmental or traditional ones, whilst the latter were the least 'tiered'. This would appear to correlate with the presence of a paid staff group in the innovative organizations discussed earlier.

What is most striking, however, is the extremely low level of organizational tiers in all the organizations. Only one had more than two tiers of paid staff in addition to a paid manager. The overwhelming picture is of small locally based organizations. As one respondent put it:

> 'We like it small - we dont want to grow.' (manager of organization 13)

If all the case study organizations were relatively simple structures, they also had relatively low levels of formalization, in terms of the extent to which their workings were formalized in documents of evaluated. Eight organizations reported having written organizational policy documents, nine reported having written procedures, and eight reported having work schedules. The highest level of formal documentation came in terms of job descriptions - eleven organizations, or 46%, reported having such a description for paid staff. Five organizations reported that they had no written information at all about their organizations. Only four organizations reported that they had any formal mechanisms for evaluating their work, in part or in whole.

Finally, as a measure of organizational specialisation, organizations were asked to consider the extent to which any members of staff in their organizations specialised in one organizational task alone (Table 5.5). This was certainly more common in innovative organizations than in the other two types, though half of these specialists were accounted for by people who specialised in administrative, rather than service-related, functions.

At this general level, then, whilst the interviews with the case study informants provided a little evidence of differences between innovative, developmental and traditional organizations, these were of limited or small-scale nature. Innovative organizations did have more tiers of organizational structure, though all the organizations had lean structures. The innovative organizations did have more specialist job roles than the other organizations though again the difference was relatively small and usually concerned administrative functions. As detailed above, these differences would seem to be related to the presence of paid-staff in the innovative organizations.

However the structural characteristics of the case study organizations were not explored through these semi-structured interviews alone. They were also examined through more quantitative methods, by employing of the *Aston Measures* of organizational structure. These measures arose out of a major research organization studies research project which was undertaken at Aston University in the 1960's and 1970's and which have been reported extensively elsewhere (Pugh & Hickson 1976; Pugh & Hinings 1976; Pugh & Payne 1977). They are tested and validated quantitative measures of the formal structure of organizations.

It is important to recognise, however, that the Measures have been subject to a number of criticisms over the years. A particular concern has been for for their over-concentration upon the structural configurations of organizations to the detriment of their processual content.

Table 5.3

Checklist of areas of organizational decision-making explored in the case studies.

Allocation of organizational resources
Staffing/personnel issues
Capital expenditure (if appropriate)
Structure of organizations
Organization policy/procedures

Table 5.4

Levels of organizational tiers in the case studies

	Management Committee plus volunteers. [1]	[1] plus paid manager. [2]	[2] plus other paid staff responsible to manager. [3]	[3] plus other paid staff responsible to other managers.
Innovative	1	3	5	0
Developmental	2	2	2	1
Traditional	5	2	1	0
Total	8	7	8	1

Table 5.5

Specialisation of organizational roles (categories not exclusive)

ROLE		TYPE OF ORGANI-ZATION		
	Innovative	Developmental	Traditional	Total
Support services	2	1	0	3
Administrative	7	0	2	9
Service provision	5	4	2	11
Total number of organizations with specialist roles	8	4	3	N/A

Starbuck (1981; see also Child 1984 for another important critique) has given an essential summary of their limitations. His critique is based upon two analyses. The first is that the design of the Measures was itself flawed:

> '...(the researchers) selected certain phenomena to perceive and label as data, chose arbitrary schemata that matched their perceptions, and merely translated their prior beliefs into professionallly legitimated language of data and statistical tests.' (p. 82)

The second analysis is that, irrespective of the validity of the Measures themselves, they do not actually reveal anything of great import:

> '(Organizational structures) say little about the messages organizations exchange or the skills personnel exhibit. Organizations with similar structures may be plotting mass destruction or humanitarian services, may be going bankrupt or raking in large profits.' (p. 194)

This criticism has validity and it would be dangerous to use them in isolation. As with any artificially constructed measure, there are dangers that the measure can become confused with what it is supposed to be measuring. However, the advocates of the Ason Measures have also rallied against their critics. Pugh (1981) accepted in part the view of Starbuck that structure may not be the most important variaible in organizational behaviour, but argued that this was to confuse the purpose of the Measures with a possible finding. The Measures were important, he argued, precisiely because they allowed researchers to test whether or not there were important relationships to be explored. Moreover, Clarke (1990) has well argued that, provided their limitations are taken into account, then they continue to be accepted within the field of organizational analysis as important

> '...instruments for operationalising and measuring key dimensions...of the structure of an (organization).' (p.40)

It is within this constrained view that the Aston Measures are used in this study.

Summarising the utility of the Aston Measures, Pugh (1981) considered that

> '... it is abundantly clear that the original measures of structure and concept can be applied to a wide variety of diverse types of organizations with discriminatory power and meaningful results.' (p.145)

One area where they have been under utilised however, is in the study of voluntary organizations. In the original Aston studies, Donaldson & Warner (1976) did use them with occupational interest associations and Hinings et al (1976) with church organizations. However, as far as this researcher is aware (supported by informal discussions with Pugh in 1993) this study is the first to use them to explore the structural characteristics of voluntary organizations.

This is surprising, perhaps, given the number of assertions about the structural characteristics of these organizations, summarised in Knapp et al (1990). However, Knokke & Prensky (1984) and Paton (1993) have both noted previously that there has been very little testing of a number of organizational assertions about voluntary organizations, the structural assertion being one of them. Consequently, this present study is the first to test this key assertion in an empirical setting.

In this study, the abbreviated form of the measures was used. This is a simplified but still validated version of the original measures, developed by Inkson et al (1970), and which allows them to be used more easily in a complex research setting. They covered the dimensions of:

- *dependency* (of one organization upon others);
- *specialization* (of organizational tasks);
- *formalization* (of organizational roles);
- *autonomy* (of organizational decision-making); and
- *workflow integration* (of organizational tasks).

The strength of this approach for this study is that these dimensions cover the key ones identified in the earlier literature review as being of substance in relation to the innovative capacity of voluntary organizations. However, it did necessitate the re-framing of the last dimension, that of *workflow integration*, into that of *professionalization*. It is suggested here that this approach is a valid one. The key issue of the previous dimension was the extent to which technology was unifying organizational tasks. In this formulation technology included

> '...the knowledge required for producing...products.' (Clark 1990, p. 28)

In the newly formulated dimension, the issue is the unification of organizational tasks through professional training and the professionalization of an organization. In many respects it equates the professional skills and knowledge of workers in these social care services with technological knowledge in a production process. The focus is thus the same and does have construct validity, in the sense that they are both measuring the same construct.

In each case, the paid manager (or chair, in an organization with no paid staff) was taken through a structured questionnaire covering each of these dimensions. This was then coded as detailed in Inkson et al (1970), and analysis of variance carried out using the MANOVA programme of the SPSS package of statistical techniques. These analyses are displayed in Table 5.6 to 5.10.

As a preamble, If these results are compared with those of the original Aston studies (Child 1973), then they do provide some empirical support for the contention that voluntary organizations, as a field, are far less formally structured than other fields of organizations. Beyond this most general point, there is no discernable structure to the pattern of organizations within the field of voluntary organizations. Little differentiation between organizations was apparent on the basis of organizational dependency and autonomy (Tables 5.6 and 5.7). The means were close together and with a wide ranged 95% confidence interval this meant a great deal of overlap between the organizational categories.

More variation was apparent in terms of organizational formalization (Table 5.8). However, whilst the literature might lead one to expect the innovative organizations to be the least formalized (and consequently most adaptable), it was the traditional organizations which were the least formal. Even here though, the ranges, standard deviations and 95% confidence intervals were large also, and presented a picture of a substantial overlap between the groups. There was insufficient variance to allow one to claim any statisitical significance for these findings.

Table 5.6 Analysis of organizational dependency

```
                          Analysis of Variance

                              Sum of          Mean            F       F
    Source          D.F.      Squares         Squares         Ratio   Prob.

Between Groups        2         .8075           .4038         .0930   .9116
Within Groups        21       91.1925          4.3425
Total                23       92.0000


                                        Standard     Standard
Group        Count        Mean         Deviation        Error      95 Pct Conf Int for Mean

Grp 0            8       2.8750          2.0310        .7181       1.1770   TO      4.5730
Grp 1            7       3.2857          1.3801        .5216       2.0093   TO      4.5621
Grp 2            9       2.8889          2.5221        .8407        .9502   TO      4.8276

Total           24       3.0000          2.0000        .4082       2.1555   TO      3.8445


GROUP        MINIMUM       MAXIMUM

Grp 0         1.0000        7.0000
Grp 1         1.0000        5.0000
Grp 2          .0000        7.0000

TOTAL          .0000        7.0000
```

Note. in Tables 5.6 - 5.10, the following key appplies:

Group '0' - traditional organizations

Group '1' - developmental organizations

Group '2' - innovative organizations.

Table 5.7. Analysis of organizational autonomy

```
                                   Analysis of Variance

                                       Sum of         Mean           F        F
        Source              D.F.      Squares        Squares       Ratio    Prob.

Between Groups                2          .7440          .3720      .3683    .6963
Within Groups                21        21.2143         1.0102
Total                        23        21.9583


                                          Standard      Standard
Group          Count          Mean       Deviation        Error     95 Pct Conf Int for Mean

Grp 0             8          .2500          .7071         .2500      -.3412   TO      .8412
Grp 1             7          .4286         1.1339         .4286      -.6201   TO     1.4772
Grp 2             9          .6667         1.1180         .3727      -.1927   TO     1.5261

Total            24          .4583          .9771         .1994       .0457   TO      .8709


GROUP          MINIMUM      MAXIMUM

Grp 0            .0000       2.0000
Grp 1            .0000       3.0000
Grp 2            .0000       3.0000

TOTAL            .0000       3.0000
```

Table 5.8. Analysis of organizational formalization

```
                         Analysis of Variance

                               Sum of         Mean           F      F
       Source          D.F.    Squares        Squares        Ratio  Prob.

Between Groups           2      18.9444        9.4722       1.1907  .3237
Within Groups           21     167.0556        7.9550
Total                   23     186.0000


                                  Standard   Standard
Group        Count      Mean     Deviation     Error     95 Pct Conf Int for Mean

Grp 0           8     1.2500      2.8158      .9955     -1.1040   TO     3.6040
Grp 1           7     3.0000      2.6458     1.0000       .5531   TO     5.4469
Grp 2           9     3.2222      2.9486      .9829       .9557   TO     5.4887

Total          24     2.5000      2.8438      .5805      1.2992   TO     3.7008


GROUP       MINIMUM     MAXIMUM

Grp 0         .0000      8.0000
Grp 1         .0000      6.0000
Grp 2         .0000      8.0000

TOTAL         .0000      8.0000
```

Table 5.9. Analysis of organizational specialisation

```
                              Analysis of Variance

                                Sum of          Mean            F       F
      Source           D.F.     Squares         Squares         Ratio   Prob.

Between Groups           2        12.2123          6.1062       3.5872  .0457
Within Groups           21        35.7460          1.7022
Total                   23        47.9583


                                Standard   Standard
Group        Count       Mean   Deviation     Error    95 Pct Conf Int for Mean

Grp 0            8      .5000      .7559      .2673     -.1320  TO      1.1320
Grp 1            7      .8571     1.2150      .4592     -.2665  TO      1.9808
Grp 2            9     2.1111     1.6915      .5638      .8109  TO      3.4113

Total           24     1.2083     1.4440      .2948      .5986  TO      1.8181


GROUP         MINIMUM     MAXIMUM

Grp 0           .0000      2.0000
Grp 1           .0000      3.0000
Grp 2           .0000      6.0000

TOTAL           .0000      6.0000
```

Table 5.10. Analysis of organizational professionalisation

```
                              Analysis of Variance

                                  Sum of        Mean             F       F
        Source           D.F.    Squares       Squares         Ratio   Prob.

Between Groups             2      76.6409      38.3204        3.2848   .0574
Within Groups             21     244.9841      11.6659
Total                     23     321.6250


                                    Standard   Standard
Group         Count       Mean    Deviation      Error    95 Pct Conf Int for Mean

Grp 0             8     4.0000       4.4721     1.5811      .2612  TO      7.7388
Grp 1             7     6.7143       3.3022     1.2481     3.6602  TO      9.7683
Grp 2             9     8.2222       2.2236      .7412     6.5130  TO      9.9314

Total            24     6.3750       3.7395      .7633     4.7960  TO      7.9540


GROUP       MINIMUM     MAXIMUM

Grp 0         .0000     13.0000
Grp 1        4.0000     12.0000
Grp 2        4.0000     12.0000

TOTAL         .0000     13.0000
```

Finally the most variation was found in the specialization and professionalization dimensions (Tables 5.9 and 5.10). Again, confounding the asserted importance of task flexibility for innovative organizations, it was the innovative organizations which has the highest degree of specialization and professionalized workflow in their staff structure, and the traditional organizations which had the least. Clear gradients were apparent for the means, with the innovative and developmental organizations closer together and the traditional ones somewhat separated off. Yet again, though, the range of values is widespread, as demonstrated by the standard deviations and 95% confidence intervals. Nonetheless the F-probability levels (which vary inversely with significance) were much smaller than in the previous analyses and suggest that these are statistically significant differences.

Finally, these patterns of variance were explored further through Discriminant Analysis. Although the number of variables involved was too small to rely upon this approach in isolation, it provided further validation of the previous findings and was another useful point of triangulation.

Using this approach, five variables were named (Table 5.11), and two discriminatory functions were uncovered (Tables 5.12 - 5.15). These functions are illustrated diagrammatically in Figure 5.16.

Table 5.11

Variable labels in Discriminant Analysis

Variable	Label
dependency	DEPEN
autonomy	CONC
formalization	FORMALI
specialization	SPECI
Professionalization	WORK

Table 5.12

Standardized Canonical Discriminant Coefficient of Discriminant Analysis

	Function 1	Function 2
CONC	-0.03240	-0.03214
DEPEN	-0.033094	-0.17208
FORMALI	0.18378	0.69489
WORK	0.51479	0.71426
SPECI	0.56661	-1.03051

Table 5.13

Significance of Discriminating Functions

Function	Eigen value	% of variance	Culm. % of variance	Wilks lambda after first function removed
1	0.4294	81.7	81.7	N/A
2	0.0962	18.3	100	0.912264

Table 5.14

Within group correlations between discriminatory variables and canonical discriminant functions

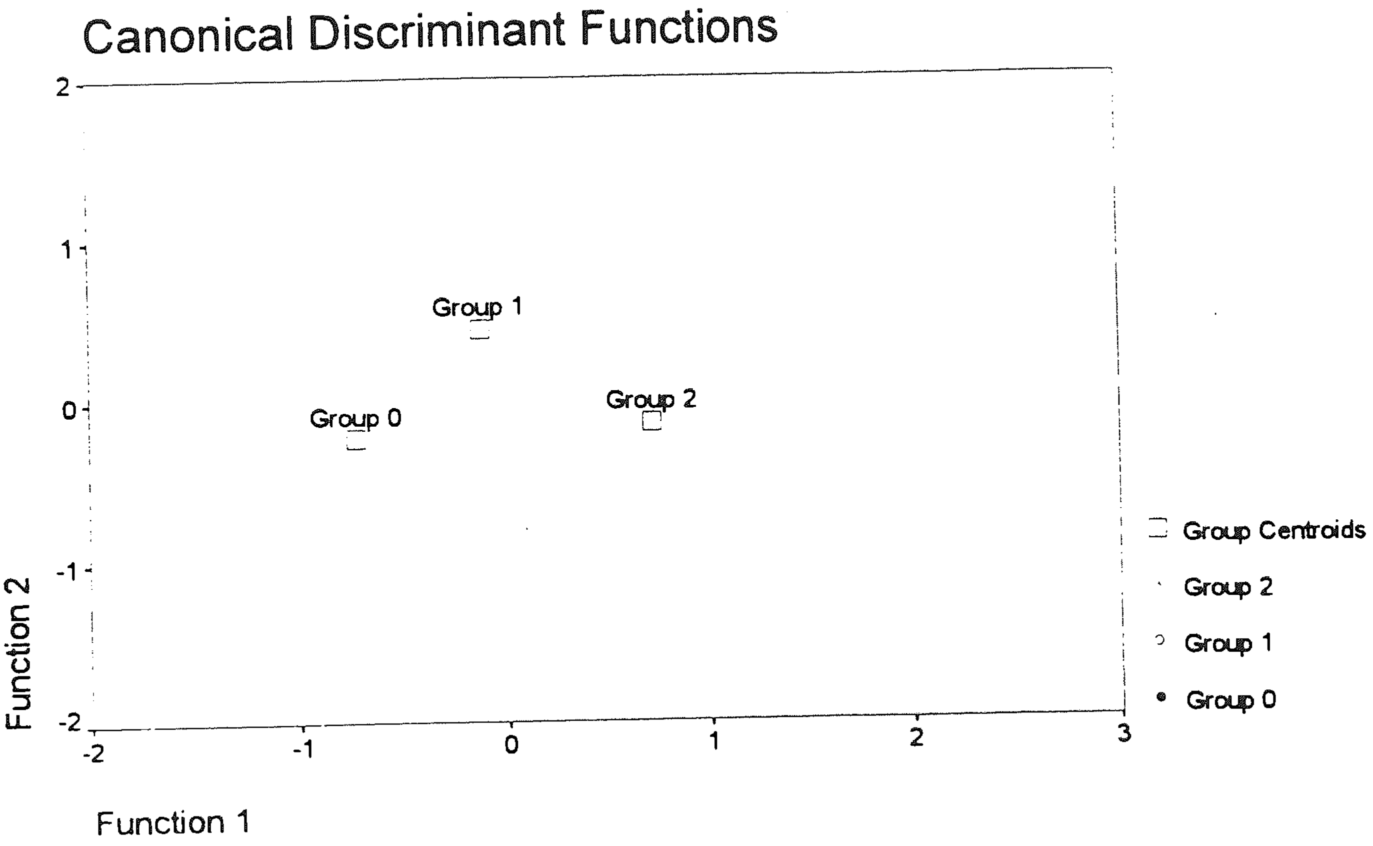
Variable	Function 1	Function 2
CONC	0.28577	0.00611
DEPEN	-0.01247	0.30229
FORMALI	0.45383	0.50938
WORK	0.82886	0.43034
SPECI	0.87369	-0.3793

Table 5.15

Canonical group functions evaluated at group means

Group	Function 1	Function 2
0 (traditional)	-0.72046	-0.22816
1 (developmental)	-0.11322	0.44889
2 (innovative)	0.72847	-0.14632

Figure 5.16 Diagrammatic display of discriminant functions and group centroids



Key: Group '0' - traditional organizations
Group '1' - developmental organizations
Group '3' - innovative organizations

Function 1 is clearly weighted toward the variables SPECI and WORK, whilst function 2 is weighted toward FORMALI. The eigen-value of the first function, and the percentage of variance that it accounts for, shows function 1 to be a powerful one, with function two contributing only marginally to the analysis. This is confirmed by the high value of Wilks lambda co-efficient once the first function is removed.

Table 5.15 relates these discriminating functions to the *group means* of each dependent group. These show function 1 discriminating strongly between the traditional and innovative organizations and function 2 to be discriminating the developmental ones. This is illustrated diagramatically in Figure 5.16.

These discriminant functions give further support to the specialization of job roles and professionalization as being the key structural variables in understanding the innovative capacity of voluntary organizations, compared to traditional organizations.These are the two key variables in Function 1, the most powerful of the two functions and which discriminates most between innovative and traditional organizations, with developmental ones being situated between them. Function 2, which is very weaker is less clear at identifying discriminatory variables, though formalization is the most clear cut. However, this function adds almost nothing to our discriminating between the traditional and innovative organizations, though does provide some support in differentiating the developmental ones. Once again, it has been seen that the developmental organizations are far more elusive to discriminate than are the other two organizational types.

The relative import of these functions can be seen when they are used a predicative tool. Table 5.17 shows the functions to produce a significant improvement in predicative ability, compared both to the random predictions and to predictions based upon the foreknowledge of the numbers of each such type of organization - though again the predicative strength is less for the developmental organizations than for the other two types.

This pattern is confirmed further in Table 5.18. It proved quite hard to predict which organizations were likely to be developmental ones, reflecting the weakness of the function 2. Moreover, when it came to the innovative and traditional organizations, the latter proved to be the easiest to predict, suggesting that this group was the most cohesive and least diverse of the three organizationsal groupings, in terms of the structural characteristics of the organizations concerned.

Conclusions about the organizational hypothesis

This section has explored the proposition that the innovative capacity of voluntary organizations is a function of their organizational structure. It has contained data from the semi-structured interviews with the chairs/paid managers of the case study organizations (and other informants), together with two types of statistical analysis of quantitative information derived from use of the Aston Measures. Individually none of these sources is strong enough to be a sufficient test of this hypothesis. However, a high level of mutual cross-validation has been found between these three approaches. Little support has been found for the contention that the innovative capacity of voluntary organizations results from a distinctive patterns of dependency (or otherwise) by them upon other organizations, or from the formalization of their organizational tasks and structures, or from the autonomy of their organizational decision-making processes.

Table 5.17

Predicative ability of discriminating functions

Organizational group	Number of organizations	Random probability	Prior probability	Predictability functions
Traditional	8	0.3333	0.3333	0.875
Developmental	7	0.3333	0.2917	0.429
Innovative	9	0.3333	0.375	0.556

(overall success rate is 0.6250)

Table 5.18

Classification results of application of discriminant functions (in %)

Actual group	Predicted group		
	Traditional	Developmental	Innovative
Traditional	*87.5*	12.5	0
Developmental	28.6	*42.9*	78.6
Innovative	11.1	33.3	*55.6*

There has been rather more support apparent for the contention that the innovative capacity of voluntary organizations has a relationship with the specialization of their job roles and the professionalization of work processes within these organizations The former point may at first sight seem surprising, given the emphasis of much of the organization studies literature upon the importance of multi-task job roles in encouraging innovative activity. However this is less surprising when one examines the nature of the job specialisation, with a large proportion of it accounted for by administrative posts. It may well be that this specialization in administrative functions by some organizational members of staff either is acting as a proxy for resource availalbility or is significant because of the extent to which it frees up mission-related staff for more service-oriented tasks.

The importance of the professionalisation of the work process also comes across, though less strongly and with less significance. Its precise contribution to the innovative capacity of voluntary organizations must wait upon the forthcoming analysis of other hypotheses, to put it in its proper context. On the basis of the evidence so far, however, it is hard to disagree with the conclusion of Starbuck (1981) about the impact upon organizations of their structural features, quoted previously. Like his work, this study has suggested that,

> '...organizational structure may have little to do with organizational behaviour; structures may be organizationally superficial facades in front of behavioural processes.' (p.194)

TWO: THE CULTURAL HYPOTHESIS

This hypothesis is concerned with the impact of the internal environment of a voluntary organization upon its innovative capacity. On the basis of the previous literature review, it is suggested here that there are three components of the internal environment of an organization which need to be considered in this context. The first is size of the organization and the composition/motive of its staff group. This is approached here by integrating material both from the postal survey and the previous material on the structural aspects of organizations, together with evidence gained from the semi-structured interviews in the case studies.

The second factor is the nature of the leadership of the organization. Here a validated attitudinal questionnaire, the *Kirton Adaptation-Innovation Inventory* (Kirton 1976) was used to assess the attitude of organizational leaders to change. This is discussed below. This information was then combined also with evidence from the semi-structured interviews, and thrown into relief by discussion of the independent longitudinal case study discussed earlier (and which is found in Appendix A).

Finally, the nature of communication within the case study organizations is explored, in terms of the range and scope of the communication channels inside the organizations, the types of interpersonal structures within them, and their relationships with their governing bodies. This material is derived from the semi-structured interviews and is again compared to the independent longitudinal case study.

Organizational size of staff group

The postal survey provided some basic information on the size and make-up of the staff groups of the different types of organization in this study. Innovative organizations were significantly more likely to have at least one member of paid staff compared to the developmental or traditional organizations. They were also significantly smaller than developmental organizations and younger than traditional organizations.

In the previous section it was also noted that the innovative organizations had a limited tendency toward specialization and, to a lesser extent, to the professional integration of their workload. Analysis of the nature of the specialist tasks undertaken (Tables 5.5 and 5.9) showed that much of this specialist work was in relation to administrative or support work rather than service-oriented, for the innovative organizations. Table 5.10 also confirmed a tendency toward the professional bias of the innovative organizations. The traditional organizations showed an alternative weighting toward a volunteer workforce. However the developmental organizations presented no clear pattern. A final component to this cluster of factors is the resource availability for each organization. The annual budgets for each organization are displayed in Table 5.19.

Table 5.19

Annual budgets of case study organizations (1993)

Type of organization	**Level of budget**				
	£1000 or below	***£1001 - £10000***	***£10001 - £100000***	***£100001 +***	***Total***
Innovative	1	4	3	1	9
Developmental	3	3	0	1	7
Traditional	6	1	1	0	8
Total	10	8	4	2	24

The pattern shows a higher level of resource availability for the innovative organizations than for either the developmental or traditional ones, though the resource levels of all the organizations overall are low. Only two organizations had budgets of over £100,000. This skewed income distribution of the voluntary sector has been confirmed elsewhere by this author; 81% of the organizations within the voluntary sector have incomes of under £100,000 and their combined weight accounts for only 11% of the total income of the sector (Osborne & Hems 1995). Nonetheless the picture is clear, within these parameters, of the innovative organizations being more resource rich than their developmental and traditional counterparts.

What is not clear, however, is the nature of this relationship. Two possibilities are open. The first is the Cyert & March (1963) contention about the availability of resources giving organizations the capacity to innovate (slack innovation, or innovation as a result of the availability of resources). The alternative is that their innovative capacity is giving these organizations a 'competitive edge' (Porter 1985) over the other organizations and so allowing them to be more successful in resource acquisition (innovation as a spur to the acquisition of further resources). These factors will be explored in greater detail below.

With relation to their staff groups, a cluster of factors from this previous evidence does seem to differentiate innovative organizations from their developmental and traditional counterparts. Compared to the developmental organizations, they are more likely to have a paid staff group (though a smaller one than those developmental organizations with staff groups); are more likely to have specialist job roles for some staff, often in administrative/support functions; have a slight bias toward professional staff for service delivery; and are likely to have greater resource availability.

The pattern is similar for the differences between innovative and traditional organizations. The innovative organizations are significantly younger than traditional ones, are significantly more likely to employ paid and professional staff, and show marked difference in the development of specialist roles.

There does thus appear to be a cluster of staffing factors which are associated with the innovative capacity of voluntary organizations. These are the presence of a paid staff group, specialization of administrative and support functions, and sometimes a commitment to professionalisation. However neither the nature nor direction of this relationship is clear at this stage. Nor is it suggested that all these factors have to be present at the same time. An element of contingency is probable in this respect. As suggested earlier, the presence of a paid staff group may be a proxy for the level of resources required to support innovation - or the resource level may be a result of the innovative activity rather than a pre-cursor of it.

Moreover the impact of the professionalisation of voluntary organizations is unclear. Two distinct views were expressed by the respondents in the study. On the one hand, some saw professionalization as a positive advantage, allowing the organization to be more effective in its work:

> 'Government funding for the scheme is helping us employ good staff... voluntary organizations like us are being professionalized and this is a good thing. Some others are thought old fashioned and amateurish, though, and this is a problem for us.' (staff member of organization 4)
>
> 'We're different from other organizations in (our federation) - we are more professional and forward looking. They carry on doing the same things...we don't have much to do with them.' (manager of organization 9)

The link that the first respondent drew between professionalisation and government funding is interesting and will be returned to again below. Contrary to these views, however, other innovative organizations saw their *lack* of a professional basis as the key to their innovative activity, often linking professionalism in other voluntary organizations and in the state to bureaucracy and inflexibility:

> 'We're committed to the needs of our people, not like the professionals in [national voluntary organization]. They just want to take over.' (chair of organization 6)
>
> 'Our motivation is different from the social workers in the Social Services Department. They may be qualified but they are just administrators and bureaucrats. We're not like that. We're committed.' (manager of organization 1)

The impact of the staff group does appear therefore, not to be unimportant, but to be contingent upon other factors, possibly such as funding patterns and personal beliefs. These are explored in more detail below.

Organizational leadership

This was approached in two ways, by an attitudinal test and by the semi-structured interviews. First, as noted above, the KAI Inventory was used to assess the attitude of organizational leaders to organizational change. This is a validated attitudinal questionnaire developed by Kirton (1976) and which continues to be used to explore the roles of organizational leaders in innovation (for example, Thwaites & Edgett 1991; Foxall 1993). It consists of a list of thirty two items rated on a scale of one to five. Respondents are asked to rate themselves against each item. A rating of one means that the attitude described is one that they would find hard to hold whilst a rating of five indicates an attitude that they would find very easy to hold. Kirton found in his applications of the test that managers clustered around one of three approaches to organizational change:

- *organizational originality*, with a commitment to creativity;
- *methodical Weberianism*, with a commitment to 'precise, reliable and disciplined activity' (p625); and
- *Mertonian conformism*, with a commitment to 'proper respect for authority and rules' (p625).

Kirton argued that the first group were more able to deal with organizational discontinuity or changes in the 'rules of the game' (innovation), whilst the other two groups were able to deal with stability and/or gradual development. If such organizational leadership was important in the innovative capacity of voluntary organizations, therefore, one would expect the innovative organizations to have a tendency to present leaders in this first category.

In fact no clear pattern emerges between the three types of organizations in the case studies. One-way analysis of variance was carried out, using the ONE-WAY sub-programme of SPSS. The results are displayed in Tables 5.20 to 5.22. As can be seen from Table 5.20 there were no significant differences between the leaders in each organizational group with regard to 'organizational originality', as expressed by the group means. The 95% confidence intervals overlapped strongly, whilst the variance between groups, measured by the 'F' probability (0.3786) was considerably above the outer significance level of 0.05.

Table 5.20 Originality and organizational leadership

```
                         Analysis of Variance

                                Sum of       Mean           F       F
        Source          D.F.    Squares      Squares        Ratio   Prob.

Between Groups            2      55.7754     27.8877       1.0200   .3786
Within Groups            20     546.8333     27.3417
Total                    22     602.6087


                                    Standard  Standard
Group        Count        Mean     Deviation     Error     95 Pct Conf Int for Mean

Grp 0            8     31.7500       3.1053     1.0979     29.1539   TO     34.3461
Grp 1            6     35.6667       3.3862     1.3824     32.1131   TO     39.2203
Grp 2            9     32.6667       7.2629     2.4210     27.0839   TO     38.2494

Total           23     33.1304       5.2337     1.0913     30.8672   TO     35.3936


GROUP        MINIMUM      MAXIMUM

Grp 0        27.0000      36.0000
Grp 1        33.0000      42.0000
Grp 2        24.0000      44.0000

TOTAL        24.0000      44.0000
```

Note: the same key applies to these tables as did to Tables 13.6 - 13.10.

Table 5.21. Weberian methodicalism and organizational leadership

```
                              Analysis of Variance

                                    Sum of         Mean           F        F
        Source            D.F.     Squares        Squares       Ratio    Prob.

Between Groups              2      171.5821       85.7911      1.5134    .2443
Within Groups              20     1133.7222       56.6861
Total                      22     1305.3043


                                   Standard   Standard
Group        Count       Mean     Deviation     Error     95 Pct Conf Int for Mean

Grp  0          8     31.7500       4.7734     1.6877      27.7593   TO     35.7407
Grp  1          6     35.3333       8.3586     3.4124      26.5616   TO     44.1050
Grp  2          9     38.1111       8.8380     2.9460      31.3176   TO     44.9046

Total          23     35.1739       7.7027     1.6061      31.8430   TO     38.5048


GROUP        MINIMUM     MAXIMUM

Grp  0       24.0000     36.0000
Grp  1       22.0000     46.0000
Grp  2       27.0000     49.0000

TOTAL        22.0000     49.0000
```

Table 5.22. Mertonian conformism and organizational leadership

```
                              Analysis of Variance

                                  Sum of        Mean           F      F
        Source           D.F.    Squares      Squares       Ratio  Prob.

Between Groups             2    145.7216      72.8608      3.4374  .0521
Within Groups             20    423.9306      21.1965
Total                     22    569.6522


                                     Standard  Standard
Group        Count        Mean      Deviation     Error    95 Pct Conf Int for Mean

Grp 0            8     14.1250       3.6815    1.3016    11.0472   TO    17.2028
Grp 1            6     14.8333       7.0261    2.8684     7.4600   TO    22.2067
Grp 2            9     19.5556       3.2059    1.0686    17.0913   TO    22.0198

Total           23     16.4348       5.0885    1.0610    14.2343   TO    18.6352


GROUP        MINIMUM     MAXIMUM

Grp 0         9.0000     21.0000
Grp 1         7.0000     23.0000
Grp 2        14.0000     25.0000

TOTAL         7.0000     25.0000
```

There is also a lack of significant relationships with regard to methodical Weberianism (Table 5.21), again with a great deal of over-lap between organizational leaders from the three groups. However, interestingly, there is a pattern in relation to Mertonian conformism (Table 5.22) which borders on the significant (the 'F' probability being 0.0521). However, the relationship is the inverse of what one would expect, if the attitudes of organizational leaders were pre-eminent in the development of the innovative capacity of voluntary organizations. It is the leaders of the *innovative* organizations which showed the greatest tendency toward conformism and those in the *traditional* ones which were the least conformist! Finally, as has frequently been the pattern in the case studies, the leaders in the developmental organizations spanned the spectrum.

This lack of a clear relationship between types of organizational leadership and innovative capacity was confirmed in the semi-structured interviews, when the leaders of the organizations were offered five descriptions of potential leadership roles, and were asked which was the most significant one for them.

The five roles were:

- ensuring that their organization ran efficiently (administration);
- supervising the work of the other staff in the organization (line management);
- encouraging that the staff of the organization took on as much responsibility as possible for their own actions (delegation);
- building up and working through local networks (networking); and
- providing leadership and inspiration to the staff of the organization (leadership).

The first result, not suprisingly was that most respondents said that it was quite hard to do this exercise. They often had to take on many different roles in different situations. They saw their job as being a multi-task one. When pressed about which role most closely matched their own most of the time, the respondents replied as detailed in Table 5.23.

Table 5.23

Self-classification of managerial style

Organizational type	***Type of managerial style***				
	Administration	***Line management***	***Delegation***	***Networking***	***Leadership***
Innovative	4	0	1	2	2
Developmental	1	1	1	2	2
Traditional	5	1	1	1	0
Total	10	2	3	5	4

The multiplicity of roles that organizational leaders had to carry out in voluntary organizations was well captured by the manager of one innovative organization:

> 'Even if the (new) idea didn't originate with me, I would have to enthuse others, set up contacts and arrange meetings, carry out administrative functions for weeks, months or even years.' (manager of organization 2)

No one type of leadership was clearly related to innovative capacity. This should not necessarily be seen as surprising. Because of their small size, managers in voluntary organizations face a range of competing demands and pressures, and are required to take on a multiplicity of tasks and roles to ensure that their organizations survive, let alone develop new services. The management role may therefore be less specialized than in the public and for-profit counterparts. There is little evidence here that a particular type of management style is a sufficiently influential factor, by itself, to develop the innovative capacity of voluntary organizations.

Organizational life

Staff in the case study organizations, whether paid or unpaid, invariably also undertook multi-task roles. The relative lack of specialization in organizational roles, and especially in service-related ones, has been noted earlier; where there was organizational specialization this was frequently in administrative and support roles rather than in the *mission-critical* service-related roles.

The communication channels of all the organizations were also extremely short. They typically led from a local management committee either direct to the volunteers/members/staff of the organization, or to a paid manager and then to the other staff of the organization.

The role of this local management committee could be an important factor in the development of the innovative capacity of voluntary organizations. It was earlier identified as the formal repository for organizational authority. A possible explanation for innovative capacity could thus be that this decision making task was perceived as a more pro-active and far-sighted role in the innovative organizations than in the other types of organizations. In fact, in most of the organizations the management committee was commonly described by staff or volunteers as 'reactive', responding to the instructions of the key officers of the committee (usually the chair, secretary, treasurer, or the paid manager). Even where the committee was active, it was invariably in partnership with the significant staff of the organization:

> 'The Management Committee always has the final say, but usually advised by the paid worker concerned.' (Manager of Organization 2)

> 'The Management Committee takes all the action - on the basis of my suggestions.' (Treasurer of Organization 23)

This raises the critical point of the role of individual agency in the release of the innovative capacity of an organization. A large part of the organizational literature has emphasised this role, either in terms of the role of the 'hero innovator' (Schein 1963) or of the pro-active manager making things happen (Kamm 1987).

Indeed these case studies did find that key individuals were essential to the service innovations and developments described here. This role was confirmed further in the longitudinal case study in Appendix A. However although such forceful individuals were essential to the fulfilment of innovative capability, it is untrue to see them as a component of the innovative organizations alone. They were also found in the developmental and traditional organizations. In these organizations they were not acting as 'hero innovators', but nonetheless carrying out other essential organizational functions, such as advocacy or fund-raising. Their various roles are specified in Table 5.24.

What comes through here is the interplay between the individual agency of a key actor in an organization and their personal beliefs, which would constrain and/or enable this activity. This interplay between individual action and personal beliefs will be explored further below, when the institutional hypothesis is examined.

Such individual agency does seem to be a *necessary* condition for the fulfilment of the innovative capacity of voluntary organizations. In all the innovative organizations it was possible to identify such a forceful individual. However, by itself, it is not *sufficient* to produce innovation. It may also be directed in a range of different directions, dependent upon organizational needs. The factors which might affect this direction are discussed further below. At this stage it is possible to highlight the importance of this factor but also to note that its impact upon the innovative capacity of voluntary organizations is contingent upon other organizational factors. The direction and impact of such individual agency is clearly dependent upon these other factors.

Table 5.24

Individual agency in the case study organizations

Type of organization	Key individual roles
Innovative organiz-ations	
1	The manager of the project was the driving force behind it, both philosophically and entrepreneurially
2	The organizer of the Volunteer Centre took on a facilitator role in enabling the innovation to happen. The commitment of the project worker was essential to its success.
3	This service had been mooted for some time but only crystallised because of the commitment of a specific counsellor. The manager of the service provided crucial support.
4	The organizer of the CVS was essential in supporting this development, whilst the project worker shaped its focus and development.
5	This project was struggling to survive, despite being a 'good idea.' A key part of the problem was that the chair of the group had many other commitments and could not devote enough time to it, whilst no other member of the group was prepared to 'champion' it.
6	The chair of the organization provided philosophical commitment to the service involved and a belief in its superiority to the services offered by other organizations.
7	The manager of the organization had come from the for-profit sector and was committed to acting in a pro-active and entrepreneurial way to ensure the survival of his organization.
8	The manager of the organization was also its founder, with a firm conviction in the superiority of the service that it offered to any other available services.
9	The manager and the project worker were both committed to high professional standards and to being pro-active in finding ways to respond to need.

Developmental organizations	
10	This also was struggling to survive. That it did was credit to the energy and determination of its manager, but this left little time to devote to some of the (intended) new directions. Other organizations it was invlved with all had different agendas for the project concerned here, and no one person championed it solely. It thus also struggled to survive.
11	The home was administratively well run. The role of the individual agency was less apparent here.
12	No one individual was important here. The organization took a collectivist view of action, on the basis of religious belief.
13	The manager of the project was committed to raising funds for the survival of the project and had little time to devote to service development. His efforts ensured organizational survival.
14	The organizer of this association was a dynamic individual but with a huge geographic area to cover. Much of his time was taken up with fulfilling his other responsibilities.
15	The organizer was a very active individual involved in a number of different voluntary organizations. His commitment was to the traditional forms of services however, and this commitment was as influential as any equivalent other commitment to innovation.
16	The manager of this project was responsible for a multitude of administrative and organizational tasks which she performed very efficiently. She described herself as someone who had been an innovator in the past but now felt all her energy to be taken up with ensuring organizational surviving in an uncertain environment.

Traditional organizations	
17	The chair of the organization was a dynamic individual with an unswerving commitment to the types of support that the organization already offered.
18	The chair of this organization provided a committed Christian basis to the service, but had no major role as an organizational change agent.
19	This group was reliant upon three committee members to organize its meetings and activities. Without them it would have collapsed.
20	Again this organization was reliant upon its Chair and Secretary for its existence. It would have collapsed without them.
21	The organizer of this project was a highly dedicated person who took a key role in the activities of the project. She was committed to the existing model of service through the personal experiences of her son.
22	The manager of this project had a tremendous amount of ability and energy. However it existed in financial jeopardy and her energies were devoted to ensuring its survival.
23	The treasurer of the organization had been the imagination behind its founding. It continued to survive almost wholly because of her efforts.
24	The organizer of this project had an immense amount of energy. However she was highly involved in the national activities of the federation of which it was a part, and so had part of her time to devote to local activity or development.

Conclusions on the cultural hypothesis

This section has examined the hypothesis that the innovative capacity of voluntary organizations is a function of their internal environment, as evidenced by their staff group, leadership, and internal organizational life. A number of factors have been identified which might lead to innovation in voluntary organizations. However, none of them, by themselves or as a group, has been shown to be influential enough to act as a convincing explanation of the innovative capacity of voluntary organizations. It does seem that the influence of these internal factors, as with the structural ones before, is contingent upon other ones, such as the external environment or the institutional framework of an organization. It is to these extraneous factors that this study must now turn.

THREE: THE ENVIRONMENTAL HYPOTHESIS

The third of the four hypotheses argues that the innovative capacity of voluntary organizations derives from the distinctive nature of their relationship to their environment. In fact, by reference to the the prior literature literature review, it is possible to disaggregate this hypothesis into four distinctive 'sub-hypotheses'. The first is that the key environmental stimulus is the relationship of the organization to its service users, or its 'end-users'. The second is that it is a function of the strategic approach of, and relationship to, its environment taken by the organization. The third is the importance of the inter-organizational field and of inter-organizational communication in stimulating the innovative capacity of voluntary organizations. Finally, the fourth sub-hypothesis concerns the impact of the external funders of voluntary organizations upon their innovative capacity. Each of these sub-hypotheses will be reviewed in turn.

The relationship of voluntary organizations to their service users

This was explored in the semi-structured interviews with the respondents in the case studies, both through three specific question areas on this issue and by the use of open-ended questions. Little variation between the three case studies was found in the relationship of the organizations to their service users. All expressed a clear user-orientation. The innovative organizations were perhaps more inclined to provide user-defined, rather than solely standardized services, but the contrast was one of shade rather than sharpness (Table 5.25).

This pattern was confirmed in the open questions:

> 'Our Association shapes what it offers to members, responding to individual needs at a particular time.' (chair of traditional organization 23)
>
> 'We're totally responsive to our members and evaluated by our members ... we provide what people who attend want.' (manager of developmental organization 13)
>
> '(The organization) offers help to all bereaved people, whatever their age, sex, nationality or belief... Each person is treated as an individual - bereavement has no rules, and what might work for one person is not necessarily right for another...During 1990 much discussion took place with the Management Committee about the ever growing waiting lists...Twenty people who had requested the service were still waiting for contact from us and the great number was felt to be unacceptable.' (case worker of innovative organization 9)

Whilst the general impression of voluntary organization as being responsive to their clients was confirmed, therefore, no pattern was apparent to suggest that the innovative organizations had an especial relationship here.

The strategic approach of the organization to its environment

Miles & Snow (1978: see also Astley & Van de Ven 1983) in a seminal work analysed the extent to which organizations have a choice in the way that they interact with their environments. Organizational fields do not act monolithically, they argued; rather each organization in that field seeks its own fate. They developed four *gestalts* by which to classify the specific approach of an organization to its environment, and these were used to classify the approaches of the organizations in this study. The gestalts and overall pattern are summarised in Table 5.26, whilst the individual responses are also summarised in Table 5.27.

Table 5.25

Organizational relationships to their service users

(i) Type of Services provided to users

Type of Organization	Standard Services	User Defined	Total
Innovative	3	6	9
Developmental	2	5	7
Traditional	4	4	8
Total	9	15	24

(ii) Specified 'End-user' of services

Type of Organization	Services to at least some individual users	Services to other organizations only	Total
Innovative	9	0	9
Developmental	7	0	7
Traditional	8	0	8
Total	24	0	24

(iii) Accessibility of Service to Users

Type of organization	User can refer themselves	Entry through another organization only	Total
Innovative	7	2	9
Developmental	6	1	7
Traditional	7	1	8
Total	20	4	24

Table 5.26

The Miles & Snow Gestalts and their pattern in this study

Gestalt	Key Features	Types of Organization		
		Innovative	*Developmental*	*Traditional*
Defender	Limited product/service line, with an emphasis on stability and efficiency	0	2	7
Prospector	Broad/changing product and service line with a dynamic approach to its environment	4	0	0
Analyzer	Has a standard range of products/services, but also searches for new ones	5	3	1
Reactor	Makes inconsistent choices; a 'non-strategy'	0	2	0

Table 5.27

Summary of organizational strategies

(i) Innovative organizations

Prospectors	*Organization 1* had a range of services that it offered to its user group and was actively seeking new ways in which to respond to need and to secure its market niche.
	Organization 4 was based within a CVS which offered a broad range of social care services, and which regularly reviewed the environment for un-met needs which required attention.
	Organization 7 had explicitly changed its function to take advantage of funding opportunities, and was working on a range of issues in the community care field.
	Organization 8 had developed a range of day occupation services for adults with learning disabilities, and was constantly seeking new ways in which to develop its services.
Analyzers	*Organization 2* provided a standard range of volunteer opportunities, but was always open to discussing new ways to work/areas to work in.
	Organization 3 provided traditional 'couples' counselling for those with a relationship problem, but also was willing to explore new forms of service delivery.
	Organization 5 provided a standard toy library for children with special needs, but also was prepared to consider new opportunities for it to develop different services.
	Organization 6 provided a core day service for people with a hearing impairment, but was also willing to consider how to develop this service further in new areas.
	Organization 9 provided traditional individual bereavement counselling, but also was developing new approaches to counselling to respond to identified un-met need.

(ii) Developmental organizations

Defenders	*Organization 10* was only just surviving as a CVS, and could provide only a bare minimum and limited range of standard CVS services.
	Organization 11 was a traditional residential home for elderly people with an emphasis on stability and efficiency. The development reported here was very much an improvement to the existing service paradigm.
Analyzers	*Organization 12* provided a core second-hand furniture service for deprived families, but was prepared to explore new ways in which it could help its chosen client group.
	Organization 14 was a pre-school play group association which carried out the core range of services and support provided by such associations, but it was also exploring new types of support to offer where money was available.
	Organization 16 was a toy library providing a standard range of toy lending services, but it was also diversifying into other ways to support families and parents in need.
Reactors	*Organization 13* provided a mix of standard and user-defined day services, but with no apparent guiding principles. It reacted to immediate stimuli.
	Organization 15 provided support groups for carers of adults with special needs, but with no discernible pattern. The main factor appeared to be the 'ad hoc' decisions of the group coordinator at any one time.

(iii) Traditional organizations

Defenders	*Organization 17* was a volunteer centre committed to providing volunteer drivers alone - which it did very effectively. It was suspicious of external attempts to change this role.
	Organization 18 was a small counselling organization which stuck rigidly to its traditional model of individual counselling, despite declining numbers. It found it hard to adopt to a changing environment.
	Organization 19 was a self-help group which ran a standard range of social activities, but with no willingness to try new approaches ("we know what we like"), even though it was declining in numbers.
	Organization 20 was another self help group whichwas proud of its range of activities, but did not deviate from them - even when encouraged to do so by external agents.
	Organization 21 was an organization which provided a standard range of social support activities for its established clientele with a learning disability.
	Organization 22 was an organization which provided social support to elderly people. It had a standard set of services which it provided very well.
	Organization 24 was a large counselling organization for couples with relationship problems. It relied upon a standard range of traditional one-to-one counselling activities.
Analyzer	*Organization 23* provided regular social activities for its members, but it also explored different ways in which to offer this service, though within the traditional paradigm of the organization.

Table 5.28

Direction of service change pattern

Types of Organization	Decreasing the overall range of services	Maintaining the overall range of services (including substitution)	Increasing the overall range of services
Innovative	0	2	7
Developmental	0	4	4
Traditional	0	7	1

Table 5.29

Environmental complexity of case study organizations

Type of Organization	Complexity			
	Single	*Medium*	*Complex*	*Total*
Innovative	0	4	5	9
Developmental	1	4	2	7
Non-innovative	6	2	0	8
Total	7	10	7	24

Table 5.30

Organizational linkages to their environments

Type of Organization	Types of Linkage			
	Isolation	*Direct*	*Network*	*Total*
Innovative	0	4	5	9
Developmental	0	4	3	7
Traditional	5	3	0	8
Total	5	11	8	24

The differing strategic approaches of the innovative and developmental organizations, compared to the traditional ones, is striking. The latter were almost entirely committed to the *defensive* gestalt, of maintaining a commitment to the 'status quo' of their services, and were deeply suspicious of external attempts to change this. They viewed the changing environment with dismay.

As has been the pattern previously, the developmental organizations showed no distinct overall pattern, but presented a mixture of responses to their social environment. By contrast, the innovative organizations were positive and pro-active in their strategic approach. In some cases this was exbibited by an embracing of a dynamic approach to their environment as a whole, whilst in others it was more a case of maintaining a core of standard services, but with a willingness to explore alternative models of service delivery.

This pattern was further confirmed by the responses of these organizations to a question about their overall service pattern (Table 5.28). Whilst the traditional organizations were largely committed to maintaining their existing level of services, there was a similar commitment to increasing their range of services from almost all of the innovative organizations.

The difference in approaches was graphically illustrated in short passages from two of the more open-ended interviews:

> 'We provide transport here - its what we do. Some other (organizations) have tried to get us to change, to say that people need different things now, but its what we do.' (driver for organization 17, a traditional one)

> 'Networking is very important for us. Its the way that we find out what is going on an what's needed. How else could we do it?' (organiser of organization 4, an innovative one)

Clearly the innovative organizations were taking a far more pro-active role to their changing environments and seeking ways to develop their organizations in these environments. As was noted previously, in the review of the organization studies literature, organizations which are innovators have been found to view change as an opportunity, whilst the more traditional ones see it as a threat. This was undoubtedly the case here.

The inter-organizational field

The initial descriptive accounts of their environments by informants suggested that innovative organizations operated in far more complex social environments, in terms of their inter-organizational interactions, than did the traditional organizations. There were two ways to look at this phenomenon, in terms of environmental complexity and of organizational linkages.

The environmental complexity of the case study organizations was evaluated by discussion with the organizational leaders about the key inter-organizational relationships which they needed to maintain, in order to achieve 'mission-critical' goals. *Simple environments* were defined as those where an organization had a minimal need to interact, or only at a very superficial level (such as simply taking telephone referrals from other organizations for volunteer drivers, as in the case of organization 17). *Medium environments* were those where organizations needed to interact at a significant level with one other organization, in order to achieve their 'mission-critical' goals. Finally, *complex environments* were those where organizations needed to interact with at least two, and often more, organizations in order to achieve these goals.

The pattern in this analysis showed significant differences in the organizational environments (Table 5.29). The innovative organizations inhabited far more complex organizational environments than the traditional ones, and with once again no clear pattern for the developmental organizations.The difference in perspective is graphically illustrated by two brief quotes from respondents. When discussing their contacts with other organizations, a member of one of the traditional organizations dismissed the importance of working with other organzations in this wider organizational environment:

> 'No, we don't work with other organizations - no other groups offer what we do.' (Member of organization 20)

Conversely the organizer of one of the innovator organizations saw such relationships as essential to their work:

> 'I used to work with these people (as a teacher). I know them and they can talk to me about their needs. I also know the people in the (statutory) agencies. We work together.' (Organizer of organization 8)

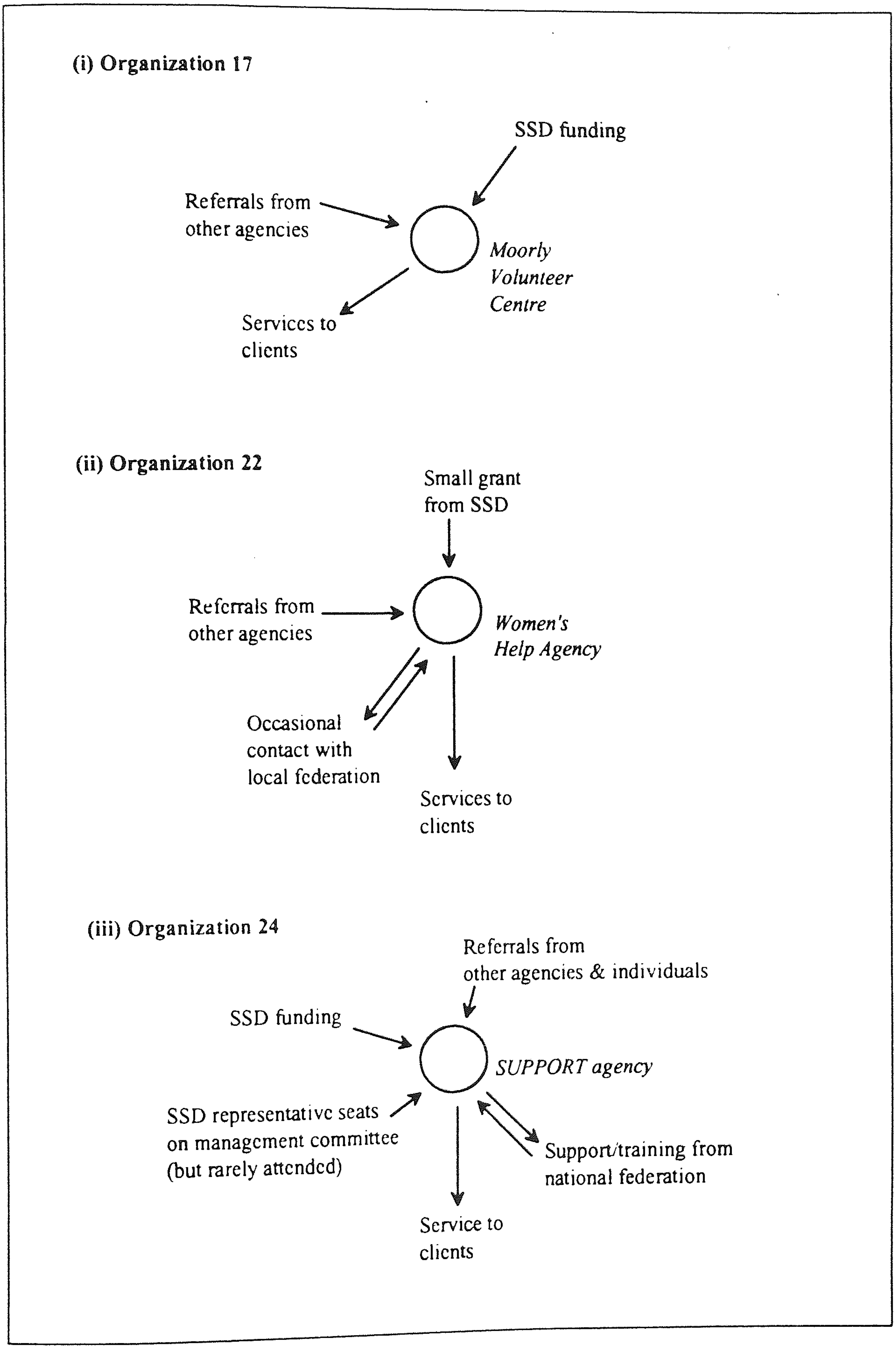
A similar picture emerged when the case study organizations were asked to describe how they related to their wider environment (Table 5.30). Again, three alternatives were identified: *isolation*, where there was a minimal linkage between the organization and its environment; *direct*, where the linkage was directly from the organization to its wider environment; and *network*, where the linkages were complex and involved the conscious negotiation of inter-organizational relationships. The pattern of these linkages in Table 5.30 confirms those from the previous tables. Again, the traditional organizations emphasized their isolation from the wider environment, whilst the innovators emphasized their linkages, and a majority of these talked of the importance of their networks of inter-organizational relationships as being essential to achieving their organizational goals.

Examples of typical networks for the traditional and the innovative organizations are shown in Figures 5.31 and 5.32 The traditional organizations display simple, rather linear, networks - if indeed they can be called such. These typically involved the receipt of referrals, and sometimes funding, from (usually) a statutory agency, and the provision of services to its identified clients. As with organization 24, the SSD did sometimes have a further link through a representative on the management committee - though (as was found in this case), they rarely attended meetings.

The networks of the innovators are considerably more complex, though. Not only do the organizations rely upon the statutory ones for referrals and funding, but they saw these as an important source of information about un-met or newly identified needs and about gaps in exisiting services, as the above quotations suggest.

The links with the local community were similarly far more pro-active for the innovative organizations (with local churches being an important source of linkages for many voluntary organizations, though not all). The organizations themselves often sat upon inter-agency forums and planning groups, and saw these as an important part of their work, necessary to achieving their mission-critical goals. The organizations in the innovative case study cited three reasons for the importance of these. They allowed them to contribute to the shaping of statutory services, to provide input about un-met needs (and to learn from others), and to build potential alliances with other agencies or organizations about future developments.

Figure 5.31. Examples of network patterns of traditional organizations


(i) Organization 17

(ii) Organization 22

(iii) Organization 24

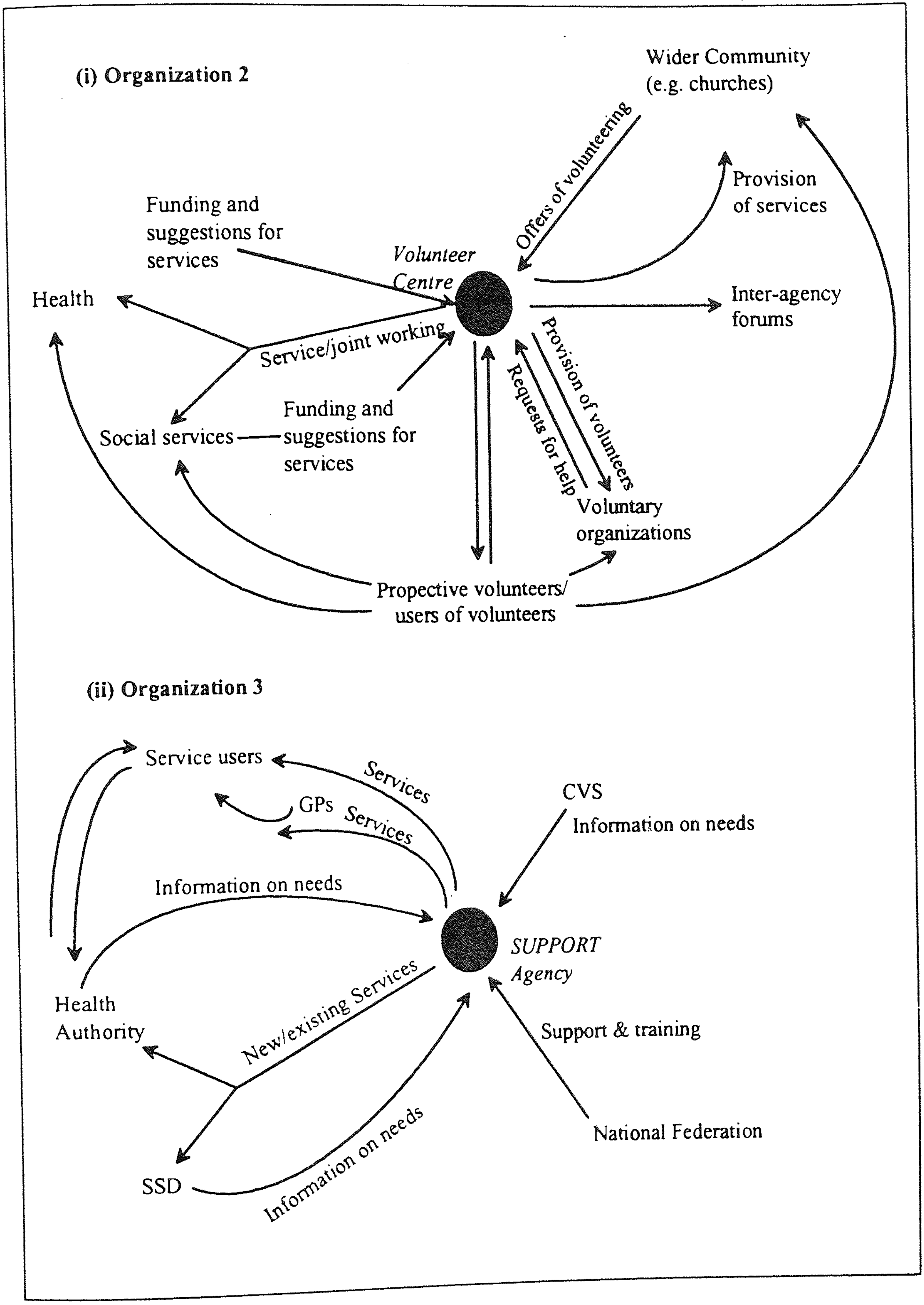


Table 5.32. Examples of networks patterns of innovative organozations

Interesting relief upon the issue of these networks was given by one of the developmental organizations. In many respects, this was similar to its innovator counter-parts, in that it saw network activity as a key role for itself and actively sought to create such inter-organizational linkages in order to develop new services. However, this organization (a CVS) was a comparatively new one, only just surviving, and had no credence with other organizations in its locality as a significant actor. This lack of network linkages thus severely limited its ability to fulfil its innovative potential.

> 'I have very little time. I need to develop more contacts locally - they are important for my work, but all my effort is taken up with producing the newsletter. Its very frustrating.' (Organizer of organization 10)
>
> 'The CVS is under-resourced. It's not very effective.... (it) doesn't lack goodwill but what it does lack is the resources and contacts to carry the words into action.' (Manager of a major established local voluntary agency involved in working with organization 10).

These inter-organizational networks identified above performed a number of different functions for the innovative organizations. In our discussions, seven different roles were uncovered that these networks played for the innovative organizations in these case studies.

The first of these was to provide *a general service context*. For example, organization 8 derived its purpose from the failure of the statutory services to provide meaningful day occupation services for adults with learning disability. It was therefore now filling this gap as part of a network of service providers, and within the context of the overall service provision for such adults.

The second role was *to provide legitimation for the work of the organization.* A good example of this was organization 7. This was explicitly sponsored by the SSD to provide support to other voluntary organizations in the development of community care services. Without these links it certainly would not have been seen as a credible organization in its organizational field.

The third role was *to provide sources of ideas for new service developments.* At its most basic this could simply be by the exchange of demographic information, but more often it involved agencies working together to identify either important areas of new needs or areas of un-met known needs ('service gaps'). The linkages to the statutory agencies played a key role with organization 2 in identifying areas of un-met need both for adults with a mental health problem and for elderly people needing practical support.

The fourth role of these network contacts was *to be facilitate the inter-agency planning of new services*, often coordinated by the voluntary organization. A good example of this was the multi-agency planning team which developed the service provided by organization 4.

The fifth role was *to help in resource acquisition*, by providing a conduit for information about funding sources to be disseminated and for funding linkages to be made. This was the case with organization 8.

The sixth role was *to act as a key factor in the actual implementation of an innovation.* The sexual counselling service of organization 3 was initially reliant upon the exisitng network of contacts of this organization with the Health Authority, and particularly with

GP's, for disseminating information about its service and for providing referrals. These were an essential precursor to the success of this innovation.

Finally the inter-organizational networks could provide an important role in *the sustenance of an innovation*. A negative example of where this did not happen was provided earlier by organization 10. A more positive example was organization 2, where multi-agency commitment to the new service was a key to its survival and success. These organizational roles are summarised in Table 5.33, in relation to each of the organizations explored in the cross-sectional case study of innovation.

An further interesting piece of negative confirmation of the importance of these inter-organizational relationships and networks was provided by the toy library (organization 5). This organization was failing, largely because its 'traditional' service, a toy library for *children* with special needs, had been established outside of the existing network of service providers, and without the legitimating support of the SSD (which went on to found its own similar resource). Because of this the organization was in danger of extinction. In an attempt to prevent this happening, the organization tried to diversify its activity to provide leisure support for *adults* with special needs. Once again, however, it was not properly linked into the exisiting service delivery network. This meant that it lacked legitimacy with these pre-exisiting service providers (it was seen as a child care organization inappropriately trying to work with adults - which is precisely what it was); and was not clear on the actually existing un-met needs. Consequently, it did not have the contacts to help with the implementation of its innovation or with its sustenance. In a very real sense, it was the lack of a network of inter-agency connections that led to the failure of this innovation, and possible of the organization itself.

Table 5.33 Roles performed by the inter-organizational networks in the case study organizations

ORGANIZ-ATION	FUNCTION						
	service context	*legitimacy*	*sources of new ideas (new needs/ service gaps)*	*service planning*	*resource acquisition*	*implemen-tation*	*sustenance*
1	X	X			X		X
2	X		X	X	X	X	X
3			X		X	X	
4	X		X	X	X	X	X
5	X						
6	X		X		X		
7	X	X	X	X	X	X	X
8	X	X			X	X	X
9					X	X	X

Finally, it is important to emphasize that these networks derived their importance from being the *outcomes* of other activity, rather than their production being an activity in its own right. Such networks were the representation of on-going successful working relationships and derived much of their import from this. It is marked that where 'networking' was pursued as an activity in its own right it was noticeably less successful, both for the organizations and innovations concerned (as was the case with organization 10, above). It is the content of these networks that is significant, not their form (this poin has been explored further in other work involving this author; see PSMRC 1991 and Osborne & Tricker 1994)

In conclusion, this section has found the inter-organizational fields of voluntary organizations to be a key factor in their innovative capacity. They can provide the service context and legitimation of a service, the means through which needs are identified and new services planned, and the medium for their implementation and sustenance. In this respect they confirm the work of Camagni (1991) upon the importance of such networks. To use his words, they provide the 'innovative milieu' for the growth of service innovations.

However, significantly, what has been lacking from the above discussion of the environments of innovative voluntary organizations is the concept of the *competitive* environment. As discussed previously in the literature, a key component of the model of innovation in the organization studies literature and developed from the study of for-profit organizations, has been the explicit link between competition, innovation and profitability (see in particular Porter 1985 and Nelson 1993, above). According to Porter, innovation

> '... is important to competitive advantage in all industries, holding the key in some.' (pp 42)

In this model, a competitive environment provides the spur to innovation and defines the direction and nature of any innovative developments. These developments, in turn, give the organization a 'competitive advantage' through which to gain a price and/or market share advantage over its competitors.

In this study both the competitive environment, and concept of a competitive advantage, have been absent. One has to query, therefore, what is the driving force behind the innovative capacity of voluntary organizations in a non-profit environment.

The environmental factors discussed here do indeed appear to have provided the 'milieu' within and through which voluntary organizations can fulfil their innovative capacity, but it does not seem to have provided the stimulus, as the for-profit model above would argue. In these circumstances, it is therefore necessary to ask some further questions about why voluntary organizations should act in an innovative manner.

These questions do have their parallel elsewhere in organization theory. Huxham (1991; 1993), as discussed above, has explored why voluntary and non-profit organizations should collaborate in the absence of the spur of competition to do so (which is again the driving force for collaboration with for-profit organizations), and has produced a model of *collaborative capability.* This study must ask similar questions if it is to produce a useful model of *innovative capability.* The beginning of this search starts below, with the exploration of the funding environments of the case study organizations.

The funding patterns of voluntary organizations

An initial estimate of the importance of this factor was seen in Chapter Four. No substantial difference was found in the funding patterns of the innovative and developmental organizations (Table 4.11). However there was such a difference in the funding patterns of the innovative and traditional organizations (Table 4.16). On the one hand, the traditional organizations were significantly more likely to be dependent upon voluntary income or fees. On the other hand, the innovators comprised over 70% of those organizations in this study citing governmental funding as their major source of finance. This pattern was also confirmed in the Discriminant Analysis, where the major source of funding was a key component of the discriminating function between innovative and traditional organizations.

The case studies provided further evidence and validation of this pattern, with the innovative organizations weighted toward governmental funding as either the major or secondary source of income, and the traditional organizations weighted toward voluntary income. Few were reliant upon fees. The developmental organizations continued to present a mixed picture (Table 5.34).

Given this picture of the importance of governmental funding to the innovative organizations, one might hypothesize that the quest for governmental funding was analogous to the competitive environment of the for-profit organizations in the organization studies literature. In terms of being in competition with other organizations for government funding, however, this was not the case. None of the innovative case study organizations were in direct competition with other organizations for funds. Even where contractual income was involved, this was on the basis of negotiated rather than competitive tendering.

Moreover, only one of the organizations was in indirect competition with other voluntary organizations, in the sense that it was reliant upon grant-aid and so was one of a number of organizations seeking such support, which was itself cash limited. However, the key relationship here was perceived by that organization to be between the local authority and itself, rather than with other potential competitors for the 'pot' of grant-aid.

A further complication to this funding relationship was unearthed when the role of the local authority within each area was explored further. Although each of these authorities was responding to the development of the mixed economy of welfare (Wistow et al 1994) and was taking up the role of the enabler and coordinator of the social care market, each was doing so in a different way. In a separate paper (Osborne 1994, contained in Appendix D), this author has explored these modes of service coordination, using the *ideal types*, in the Weberian sense, of market, hierarchy and clan. It is apparent from this analysis that local authorities are not acting in one universal way to coordinate service delivery, and in particular are not relying solely (or at all, sometimes) upon the market/price mechanism. This was apparent in only one locality in the study (Bellebury). Moreover, even here, it was in an highly imperfect form. Apart from competition for the mainstream forms of service delivery (such as residential care for elderly people), the market rarely comprised of more than one, or at most two, potential service providers. Hardly a market at all.

Table 5.34

Funding patterns of case study organizations

i) Innovative organizations

Status	**Source of Funding**			
	Governmental	*Voluntary*	*Fees*	*None*
Major Source	5	3	1	0
Secondary Source	3	3	1	2

ii) Developmental organizations

Status	**Source of Funding**			
	Governmental	*Voluntary*	*Fees*	*None*
Major Source	5	1	1	0
Secondary Source	2	4	1	0

iii) Traditional organizations

Status	**Source of Funding**			
	Governmental	*Voluntary*	*Fees*	*None*
Major Source	2	6	0	0
Secondary Source	0	6	0	2

This is an important, serendipitous, finding of this study, and the author intends to explore it further as a research topic in its own right. What is important here is that, for most service areas involving innovation, direct competition between rival voluntary organizations was not a feature. In Southshire, hierarchical committees were used to coordinate need and resources, and with service providers as a part of this structure. In Midwell, the clan was used to identify those organizations which were a part of the service provision system and those which were not, on the basis of shared normative values. Even in Bellebury, the market mechanism provided a formal framework for negotiation (in the sense of service specifications and tenders, and of contractual award and evaluation). But this was within a process of negotiated and not competitive relationships.

Discussion with the Commissioning Officer for the SSD covering Bellebury revealed this interaction between rhetoric and reality. The key policy document covering its work with voluntary organizations stated that its aim was

> '...to develop a mixed economy of care which will increase choice for consumers and improve the quality of services *through increased competition.*' (My emphasis)

However the relationship portrayed by the Commissioning Officer was different:

> '(We) want to buy services from outside and our policy is to support the voluntary sector. It provides something that the Social Service Department cannot do - people don't want Social Services, they want voluntary organizations... For the private sector we look at unit costs, but its different with voluntary organizations. They bring us their costs and ask for funding and then we negotiate with them... Its a cooperative partnership.'

Clearly then, if the funding source of voluntary organizations is an important factor in their innovative capacity, it is not in the anticipated sense of providing a surrogate market to stimulate innovation through competition. It is operating in more sophisticated ways. These are explored further below.

Conclusions

This chapter has reviewed the case study evidence about the importance of the external environment in the innovative capacity of voluntary organizations. Little was found to differentiate the relationships of innovative organizations toward their end-users. However, important environmental factors were uncovered, not least in the strategic relationship of innovative organizations to their environment compared to traditional ones, the complexity of their environments, and the key sources of funding. It has been suggested that this environment provides the *milieu* in which the innovative potential of voluntary organizations can be realised, but not because of the competitive nature of this environment. Rather it concerns the extent to which these organizations are prepared/able to be open to this milieu in achieving this mission critical goals. To borrow an image from systems theory, it concerns the extent to which voluntary organizations are *open* rather than *closed* systems, reliant upon inter-action with their environments in order to achieve their 'mission critical' goals, and so open to influence from this environment (Scott 1992).

Still, though, this *milieu* does not provide a convincing explanation, by itself, of why certain voluntary organizations evinced an innovative capacity and others did not. Moreover, there has been so far in this study a lack of any real pattern to explain the position of the developmental organizations in all this. In an attempt to make some sense of this, the final sections of this chapter will explore this issue further in relation to the institutional hypothesis, and discuss the role of process in the construction of the innovative capacity of voluntary organizations.

FOUR: THE INSTITUTIONAL HYPOTHESIS

This hypothesis concerns the impact of institutional forces upon both the commission and interpretation of action within an organizational field. On the one hand this concerns the often covert *rules of the game* which can enable and/or constrain the actions of organizations within their organizational field. On the other hand it concerns the way that action is constructed and interpreted by the key stake-holders within such an organizational field.

Within the field of non-profit studies, as noted previously, Pifer (1967; 1975) pre-figured this argument in his development of the concept of the *quango*, as a voluntary organization whose direction is set (and changed) by the priorities of government rather than its own mission. Carter (1974) has argued also for the importance of innovation as social construct for voluntary organizations, as a way of establishing their hegemony over governmental organizations.

However, such argument were wholly empirical ones, with little reference to theory. At the other extreme of the spectrum has been the work of key writers within the organization studies literature. Their contribution, by contrast, has been almost wholly theoretical, with little empirical testing. The pre-eminent contribution has been that of Di Maggio & Powell (1988) who have argued for institutional forces as a key feature of *organizational isomorphism* for voluntary organizations; as they became part of organizational fields dominated by the more powerful (and resource-rich) governmental organizations, so their work and direction became inevitably constructed by these powerful organzations. Singh et al (1991) and Tucker et al (1992) have developed this argument in relation to voluntary organizations, and contended that they are especially vulnerable to such institutional forces. This literature has been discussed in more detail previously, in the section of Chapter Two upon organizational theory.

As that previous discussion noted, whilst the organization studies literature has developed this institutional argument in relation to voluntary organizations in general, they have not developed it in the specific case of innovation. That will be attempted here.

Evidence for the examination of this hypothesis will be drawn from the structured and semi-structured interviews held with the staff and beneficiaries of the case study organizations, as well as with other key informants at a national and local level. Inevitably, institutional arguments involve a concentration upon values and upon processual issues. As such, a qualitative approach is highly appropriate (Bryman, 1988). Issues of reliability and validity have been approached by using both data triangulation (multiple respondents for each organization, and archival/documentary sources where appropriate), as well as a number of feedback loops, both to confirm the accuracy of information being obtained and to test out the developing argument. The former involved both verbal feedback during interviews, and the circulation of written summary records to the case study organizations to check their accuracy. The latter involved group feedback meetings in each locality.

The core of the institutional argument relates to the inter-relationship between the environmental field that an organization operates in and the impact of this upon the formal structure and actions of an organization. In many respects this is the corrolary of the argument of Starbuck (1981), previously highlighted in the discussion of the structural hypothesis. It is well summarised by Di Maggio & Powell (1991):

> 'The new institutionalism locates irrationality is the formal structure itself, attributing the diffusion of certain departments and operating procedures to inter-organizational influences, conformity, and the pervasiveness of cultural accounts, rather than to the functions they are intended to perform.' (p. 13).

Lane (1993) goes on to define institutions as

> '...the humanly created constructs in the interaction between individuals. They are the rules and norms resulting in formal and informal rights and obligations which facilitate exchange by allowing people to form stable and fairly reliable expectations about the actions of others.' (p. 166)

In summary, institutional analysis focuses attention upon the relationship between organizations and their societal environment. It emphasizes the interdependency both of this relationship and of organizations within a societal sector. The central question of such analyses is upon the adoptive processes through which organizations survive, and the internal and external pressures which produce these processes. A detailed discussion of the environmental hypothesis is contained in chapter two above. The concern here is to explore the role of such institutional pressures within the cross-sectional case studies of this research, using the model of Lane (1993). He has argued that one must fulfill three conditions in order to build an institutional argument successfully: specify the key institutional forces involved, detail how they affect decision making, and provide an explanation for their force. This approach seems a sensible one and will be adopted here.

The institutional hypothesis: what are the institutions?

The first step in the approach of Lane (1993) to institutional analysis was to uncover the institutions themselves. These were explored on three levels in this study. These are the *meta-environmental* level, concerned with the overall societal framework for service delivery within the PSS sector; the *macro-environmental* level, concerned with the forces operating within the organizational field of an organization; and the *micro-level*, concerned with forces operating within particular voluntary organizations.

Meta-environmental level factors. At the most general level these comprise the societal context of the PSS and the societal changes that impact upon their provision. These include in particular the assumptions built into national legislation about voluntary organizations, and the actual impact of this legislation.

Undoubtedly the most significant such meta-environmental factor has been the ideological sea-change away from the welfare state consensus of the 1960s and 1970s, with its assumption of governmental hegemony in service planning and delivery, and toward the *mixed economy of care* (Wistow et al, 1994), as discussed previously. The reasons for this sea-change are complex and have been well analyzed elsewhere (Mischra, 1984; Ascher, 1986). What is relevant here is that it represented a major shift in the institutional paradigm, both for the PSS and for voluntary organizations.

As noted in the 'Introduction' to this thesis, the paradigmatic shift for local government has been away from the concept of the unitary planning and provision of public services to local communities and toward that of the *enabling state* (Rao 1991). For the PSS this shift was embodied in two key documents of the late 1980s, the Griffiths Report and the Department of Health White Paper, **Caring for People**. These promoted the idea of SSDs as

> '...designers, organisers and purchasers of non-health care services and not primarily as direct providers, making the maximum possible use of voluntary and private sector bodies to widen consumer choice, *stimulate innovation* and encourage efficiency.' [my emphasis] (Griffiths 1988, para 1.3.4)

The White Paper went further in detailing the benefits that the then government as arising from such a shift:

> 'Stimulating the development of non-statutory service providers will result in a range of benefits for the consumer, in particualr: a wider range and choice of services; *services which meet individual needs in a more flexible and innovative way*... and a more cost-effective service.' [my emphasis] (Department of Health 1989, para 3.4.3)

Wistow et al (1994) are quite specific about the extent of the paradigmatic shift that this involved, both in terms of local government in general and the PSS in particular. They argue that whilst the Griiffiths Report could be seen to look back to and to be written within the tradition of community development, as epitomised by Abrams at al (1989), the White Paper marked

> '...*a major break with previous polices for the personal social services*...The emphasis shifted from mobilizing informal and community resources to developing a social care market...Its inevitable consequence was that market development and market management would become key responsibilities for social services departments. Not only were these reponsibilities for which, as indicated above, departments had little or no relevant experience but, as many subsequently argued, they were incompatible with the (previous) nature and value base of social care. In studying the development and

> management of the mixed economy we are, therefore, not only exploring how social services departments defined and understood new roles, but also how they began to prepare for a process of substantial change in their organizational culture.' [my emphasis] (Wistow et al 1994, p.22)

If this was the general context of the changing institutional framwork for the PSS, it had a particular import for the role of voluntary organizations in the PSS. From being a marginal and optional element of the social care sector, in terms of service provision, voluntary organizations became increasingly being expected to provide a whole range of mainstream social care services. This expectation was enshrined within the **National Health Service and Community Care Act 1990** (hereafter called the NHSCC Act). However, in taking on this role voluntary organizations were not expected to provide more choice simply by dint of their plurality, compared to the perceptions of monolithic local government. They were further expected to bring new qualites to the provision of the PSS. One such quality was their capacity for innovation. This perception was confirmed by a government minister in the last general election campaign, in his definition of the desireable characteristics of voluntary organizations for the provision of public services :

> 'The (voluntary) sector has particular qualities which enables it to show more pioneering zeal, to operate more flexibly, and to work very often nearer to real and cost effective objectives.' (NCVO 1991. p. 1)

As noted above, this perception of the innovative capacity of voluntary organizations was embedded in the founding of the welfare state, and the later development of Social Services Departments in 1970 (Beveridge, 1948; Ministry of Health, 1959). To an extent, these assumptions were of less weight to voluntary organizations at that time, because governmental funding was a less significant source of income to those organizations. However, as Osborne & Hems (1995) have shown, the importance of governmental funding has increased dramatically for these organizations over the last fifteen years. As the importance of this funding has increased, so similarly has the importance, and impact, of the assumptions underlying it.

The assumption of the innovative capacity of voluntary organizations is highly significant in this context. *Innovation* itself was increasingly being seen as a policy goal in the PSS in its own right. The Kings Fund Institute (1987), for example, argued for the centrality of innovation to community care policies, though with never quite defining what was meant by this. In more polemical vein, Smale & Tuson (1990) at the National Institute of Social Work argued that innovation should become

> '... almost synonymous with social work. (Good) Practice is the promotion of innovation and change, sometimes through the way resources are distributed and delivered, and sometimes through the way people relate to each other and manage problems.' (p. 158)

As the concept of the mixed economy of care develoed, so did the importance of the perceived innovative capacity of voluntary organizations. The Home Office *efficiency scrutiny* of governmental funding of voluntary organizations (1990) asserted strongly that government should continue to fund voluntary organizations (albeit it in a more focussed way) in part because they continued to be in the 'forefront' of developing new service approaches and of meeting new needs. Similar assertions were also made by both the Conservative and Labour parties in the run-up to the last election (NCVO, 1991; Labour Party, 1990).

Finally, it is important to recognize that voluntary organizations have not been themselves passive vessels in these institutional seas. As was highlighted in the earlier discussion of institutional analysis, they are constrained by them, but are also active in their construction. Gladstone (1978) was a forceful advocate upon behalf of the sector of the hegemony of voluntary organizations over the state, whilst the Wolfenden Committee (1979) argued hard for innovation as being a key contribution of voluntary organizations to society. The major intermediary organizations representing the sector have continued also to assert the importance of this archetypal characteristic (for example, Burridge, 1990).

In summary, the last decade has seen the coming together of two streams of thought to create a new societal paradigm for the work of voluntary organizations in the PSS. These have been the development of the concept of the mixed economy of care and the on-going theme of the innovative capacity of voluntary organizations. This significance of this should not be under-estimated. As was noted earlier, the for-profit literature possesses an inherent assumption of the links between innovation and success in a market economy. By linking the provison of the PSS to a market framework this suggested a new and central role for voluntary organizations in this new paradigm. To understand the influence of this upon the actual management and work of voluntary organizations, it is necessary to move below this meta-level of analysis, to the macro- and micro-levels.

Macro-environmental level factors. The macro-level institutional factors are those which are actively part of the organizational field of a subject organization in its own locality. As noted earlier, the work of Singh et al (1991) and Tucker et al. (1992)

have both emphasized the pre-eminent influence that funders can have upon voluntary organizations in these environments, because they can define both the criteria for receipt of funding and also those for the evaluation of subsequent performance. Precisely because of the meta-level emphasis, above, of the importance of innovation in social care and of the perceived innovative capacity of voluntary organizations, such expectations were frequently incorporated into the macro-level institutional pressures, from both national and local funders.

At a national level, the Department of Health planted firmly innovation as a ground-rule into its award of grants to voluntary organizations, under section 64 of the **Health Services and Public Health Act 1968** ('Section 64 grants'). Having completed the identifying information upon your organization, the first section of the application form for a project grant under this scheme states that, for a project to be considered

> 'It *must* be innovatory and for a local project of national significance.' [my emphasis]

This is amplified in the Guidance Notes for completion of the application form:

> 'A national project must be clearly designed by a national voluntary organization to further the Department's policy objectives by testing an innovatory idea or by helping to develop a particular pattern of service ... A general scheme grant towards an innovatory local project may *exceptionally* be made by the Department in the following circumstances:
>
> (a) pump-priming to meet exceptionally high initial costs (b) where a project spans a number of local or health authorities... (c) where an innovatory local experiment has potential national significance... (d) where the Department on its own initiative wishes to test certain proposals for client care."

Similar conditions are found also in the application procedures of the Inner City Partnership (ICP) scheme of the Department of the Environment. Latterly, the Department of Health has also adopted the 'outcome funding' model (Williams & Webb 1992) of the Rensselaerville Institute as an explicit way through which to promote innovation in social care services. This was so, for example, in relation to the *Drugs and Alcohol Specific Grant, 1994-95* (it also retained the consultancy group, the *Innovation Group*, through which to administer the scheme).

A similar commitment to innovation as a key criteria for funding voluntary activity was found in the two national charitable foundations which were interviewed in this study. Both had explicit criteria about innovation in their funding procedures, which presribed what sorts of projects they were willing to fund.

This picture of a strong institutional bias toward an innovatory role for voluntary organizations in social care was found also at the local level. The SSD in Bellebury had a specific policy document on working with voluntary organizations. In line with the documents discussed above, it declared that they have

> '...a capacity to innovate, experiment and test new ideas...'

and that a key criteria for funding such groups should be the extent to which they could be

> '...pioneer(s) in service development, acting to develop new models of care which (could) act as examples to other providers.'

A similar stance was taken in the strategic plan for 'investing in the voluntary sector' adopted by the Chief Executive's Department of Midwell. Innovation was identified as one of four priority issues to receive funding from the local authority, in relation to voluntary organizations.

The Council in Southshire had perhaps a more circumspect view of the voluntary sector, which emphasized the categorical constraints upon local government as much as the nature of voluntary organizations:

> 'The public sector is just as innovative as voluntary organizations ... but the Social Service Department has statutory responsibilities, which limits its ability to innovate. This is where voluntary organizations can come in and be innovative.' (Assistant Director of Social Services for Southshire).

It would be wrong, however, to understand the macro-level stimuli for the innovative capacity of voluntary organizations solely as a reflection of the meta-level paradigm. There were also important imperatives which operated at the meta-level alone. The most substantial of these was undoubtedly the need for resource holders to allocate scarce resources in the PSS. In this context, innovation was not so much a policy goal as a gate-keeping device to preserve and allocate these scarce resources. Officers of one governmental department, for example, explained that they did not use a strict definition of innovation. Rather the term was used loosely to allow them to support and

> '...help (voluntary organizations) to do things that we would like them to do.'

Similarly the Research Director of one of the large charitable Foundations said that the definition of innovation

> '...can very if we want it to. We use a lot of discretion in the matter.'

This approach was by no means appreciated by many voluntary organizations. It drew an angry response from one of the voluntary sector respondents in this study:

> 'Things have to be innovative for the (funding body), whether they are needed or not. Its just dressing things up as innovative to get money. What we want is an appropriate response to an appropriate problem...which meets

> the needs of the community - but we have to dress things up as innovative for them. The process is tortuous.' (field worker of an intermdiary organization)

Finally, the perceptions of other voluntary organizations in each locality can be equally important in constructing the institutional field at a local level. In Southshire, because of its size there was an 'intermediary body of intermediary bodies'. It comprised all the CVSs and other umbrella groups in the county. In 1992-93, as part of its contribution to the development of the first Community Care Plan in Southshire, it issued a position statement on the voluntary sector in Southshire. Amongst other characteristics, this asserted that voluntary organizations were 'adoptive and innovative.'

Micro-environmental level factors.These are the institutional factors operating within voluntary organizations, and can come from a variety of sources. Three significant such micro-level institutional forces were uncovered in this study: personal beliefs, organizational missions/values, and organizational history.

[i] Personal beliefs. A significant source of institutional pressure upon voluntary organizations could be in the personal beliefs of their staff, and particularly of their managers. These would inform the expectations and potentiality of an organization. These could mean that key individuals anticipated that voluntary organizations should be innovative and so framed such expectations in their management of the organization. These beliefs were often framed within the vision of the 'heroic' voluntary organization battling the 'dragons' of bureaucracy. For one manager this meant that she was committed to

> '...finding something that needs doing, cutting through red tape in bureaucracy and just doing it.' (Manager of organization 4).

For another manager, it was not so much a question of a personal commitment, but rather an adherence to a particular philosophical approach – the Steiner philosophy in this case – which predisposed him to expect his organization to be innovative:

> 'How do you start? Its a leap in the dark. You need to believe that you are right and have something new to offer. Our (philosophy) provided us with that.' (Manager of organization 1)

*[ii] Organizational values/mission.*The innovative organizations betrayed a strong institutional bias toward innovation as being a key/core task for their organization. In a few cases this overlapped with the personal philosophical basis for action described above:

> 'We're driven by the values of (the Steiner philosophy) – we want to develop services which emulate these schools but in the community. This needs change.' (Staff member of organization 1).

Usually though, innovation was part of the values embodied in an organization at a less philosophical though equally important, way. For some, this operated at a strategic level and was critical to their organizational purpose and mission:

> '...innovation is our core task... we are proactive in responding to need.' (Manager of organization 7)

For others it seemed to be more of an operational principle, such as method of staff motivation:

> 'Innovation is vital for (our organization) – bereavement is a forgotten area, so you need innovation for stimulation. It keeps you and your counsellors going – the work is so hard...' (Manager of organization 9).

It is also important, however, to recognize that these organizational values could equally have a negative impact upon the predisposition of an organization to be an innovator. Innovation could be selected out as an organizational goal. Often this was because the organization had a core task to which it was committed, and which was perceived as not requiring organizational change:

> 'We just have one purpose, so we don't need to develop any new services.' (manager of organization 18).
>
> 'We don't need to change - we provide an on-going service. We provide transport and we're good at it.' (manager of organization 17)

[iii] Organizational history. A final micro-institutional force acting upon the innovative capacity of voluntary organizations was the 'shadow of the past' - their own history. Where organizations had established a tradition of innovative activity, then the expectations were often for this to continue in the future. In many cases this determined the perceptions of the staff of an organization itself:

> 'We were set up originally as a demonstration project, so we have always been innovative. We just carry on doing what we are good at.' (manager of organization 7)

In other cases, it could inter-act with the macro-level factors, such as by effecting the expectations of fundersl:

> 'The Social Services know our work. We are seen (by them) to be an innovative agency.' (Manager of organization 8)

Finally, as with organizational values, the past history of an organization could also act as a 'dead-hand', militating against innovative effort:

> 'We could provide different things but we don't. We provide the same things on an on-going basis. It's what our members want and have always wanted. It's what they have always had.' (Treasurer of organization 19)

Summary. This section has discussed the types of institutional forces at work upon voluntary organizations in the case studies, at the meta-, macro- and micro-levels. These are summarized in Figure 5.35. Clearly these factors do not operate independently of each other. As noted above, for example, organizational history can well affect the expectations of funders, as could central governmental perceptions. Moreover, it is important to recognize that one of these factors, by themselves, is probably not sufficient to release the innovative potential of voluntary organizations. At the most simplistic level, if this were so, then because the *meta* level forces affect all voluntary organizations, this would imply that all such organizations would have the same response to them. This is not the case. Similarly, the values of a organization, by themselves, are no guarantee of innovation, if for example they are at odds with the expectations of the significant funders of that organization. Again, an institutional analysis stresses the inter-dependence and inter-action of organizations and their environment, rather than a simple or mechanistic environmental determinacy. As Granovetter (1985) has argued, organizations are embedded in their environments to the extent in which they are influenced by and influence these environments, and by the exteent to which this inter-action both enables and constrains the activities of an organization. It is this interaction between the factors at the three levels which is important, rather than solely the factors operating at any one level.

A key determinant of this inter-action can be the extent to which the factors operating are in congruence or not with each other. A good example of this was organization 1. Despite an organizational commitment to seeing itself as an innovator and as at the fore-front of community care developments (it had even received an endorsement on its most recent brochure from Sir Roy Griffiths himself), it received an unexpected set-back when it was refused a Section 64 grant by the Department of Health, on the grounds that it was 'not sufficiently innovative'. Here the institutional forces of the two levels were clearly not congruent. This issue is explored further in the next section.

Figure 5.35: The institutional forces at the meta-, macro- and micro-levels

META-LEVEL	– societal changes – central governmental perceptions – legislation
MACRO-LEVEL	–expectations of funders – expectations of other voluntary organizations
MICRO-LEVEL	– personal beliefs/values – organizational missions/ values –organizational history

The impact of institutional forces

The first stage in the approach of Lane to unpackaging institutional forces was to describe them. This has been done. The second stage was to examine their impact. That is the intention here. This will be discussed first in general terms and then in relation to each group of organizations in the case studies.

Table 5.36 at the end of this chapter sets out the institutional forces acting upon each group of cross-sectional case study organizations, at the three levels. For the macro- and micro-levels, the forces are specified. The approach is different for those at the meta-level. These are the same for all the organizations. Here the issue is the response of these organizations to these forces. These are denoted as a favourable, negative or ambivalent response, or as no response discernible.

A pattern is apparent here, with a clear institutional bias toward innovation at the micro-level for almost all the innovative organizations. For many this was reinforced by similar pressures at the macro-level. Similarly all but one of these organizations had at least a neutral attitude to the meta-level influences.

The one exception was organization 5, which both felt more negative about the meta-level changes and where no significant institutional factors could be uncovered operating at any of the levels. This was an organization which had tried to innovative to survive, because of the erosion of its traditional service base. However, this was a good example of not being congruent with the expectations of the macro-level. The service developed was not seen as an important one by the SSD, for example, which had developed its own service. Because of this lack of congruence, the organization was in danger of collapse.

Finally, amongst the developmental organizations, the institutional forces for innovation were quite weak, whilst for the traditional organizations the institutional framework ran counter to innovative activity, at the macro- and micro-level, whilst there was a lack of a positive response to the meta-level changes.

The innovative organizations . The institutional factors explored above affected the innovative organizations in one of three ways. The first was in how/whether new social needs were perceived to require an innovative response. A good example of this was organization 9, a bereavement counselling service in Midwell. This had latterly encountered a significant growth of its waiting list of clients requiring counselling. Within a different institutional framework, this could have been perceived as a threat of work-overload by its staff, and led to a 'seige' mentality (Osborne, 1992). Alternatively it could have been seen as a bridge to 'more of the same' – that is, ammunition to be used in gaining more of their existing resources (i.e. more counsellors). However, this growing waiting list was interpreted instead as needing a new response which could deal with needs in a new way (as well as reducing the waiting list!). This was through the use of group therapy sessions. The link between the initial waiting list 'problem' and its innovative response was made clear in the 1993 Annual Report of the group:

> ' Home visits were made to those on the waiting list with the view to them joining a therapeutic support group. No national guide-lines were available for support groups so, therefore, (we) developed a system for group work which has been accepted by other branches of (the Federation) when opening such groups. Since support groups were first formed 175 have taken advantage of them showing that the Support Group System is a cost effective service.'

This was a model example of how to turn what could have been viewed as an administrative problem into an innovative advantage, and which has subsequently met the express needs of a growing number of people, on a national basis.

The second way in which the institutional factors could affect the innovative organizations was in sensitizing them to the needs of their funders. In the case of organization 7, it had been established by the SSD as an umbrella group for community care in Midwell, following the withdrawal of their support for the local Council for Voluntary Service. It therefore relied upon the SSD for its legitimacy and had to be sensitive to its needs.

The third way in which the institutional factors could affect the innovative organizations was in how they perceived and portrayed their own services. Many of the staff of these innovative organizations made wry observations that funding applications were often a game; if the local authority wanted to fund an innovative service then this is what you described to them, irrespective of the actual nature of the service. Two of the organizations had their funding agreements up for renegotiation in the next twelve months, and were currently in discussion with their Management Committees as to how best to present their projects, to demonstrate their innovativeness. 'Its all about perception', said one Manager; 'its a marketing exercise really', said another.

In conclusion, for the innovative organizations, the overall institutional framework created a pre-disposition both to see innovation as a core activity for the organization, and to see their activities in an innovative perspective. As outlined above this often came from a combination of micro-level organizational factors together with the expectations of funders.

The developmental organizations. The developmental organizations threw a particularly interesting light upon the impact of the institutional forces. First, there were three organizations which had originally classified themselves as 'innovative' in the postal survey, but which were re-classified subsequently as developmental organizations in this study. These three organizations were each suffering crises of legitimacy in their own ways. One was a generic support group for carers which found its traditional niche being undermined by the growth of specialist carers groups. Here a claim of innovation was an attempt to carve out a new niche for itself, particularly in relation to the local authority and its continuance of funding. The second group was similar, in that it was a generalist support group for people in need, again feeling threatened by the growth of specialist groups in the area of community care. The final group was a newly established CVS which was struggling both to survive, particularly in financial terms, and also to gain credibility in terms of the field of established voluntary organizations. Its claim to innovation was thus an attempt to establish its legitimacy for both these constituencies.

Secondly, there were four organizations which had originally classified themselves as not having been involved in innovative activity. Upon further examination in the case studies, this was found to be a valid classification. However, three of these organizations included service developments which might have been posed as an innovation by another group in search of legitimacy (such developing a new play group for children by a Play Group Association, opening a modernized day care facility at a residential home for elderly people, and starting a parenting skills group as part of a toy library). That they were not portrayed as such lay partly in the fact that these groups saw themselves as mainstream service providers, and not innovators, and partly in the fact that all three had secure long-term funding which did not require them to demonstrate such innovative activity. These factors were nicely illustrated by the coordinator of organization 16:

> 'We used to develop new services but we don't now – we provide a fixed level of service – our funding is stable now and in the future – we have secondments from the local authority for fixed services.'

The fourth organization in this group was slightly different. Although it did need further legitimacy from the local authority (it was in danger of closure) and it certainly provided services which could have been portrayed as innovative, it failed to take this opportunity. This apparent failure to act in its own best interests by this organization was rooted in the perceptions of its staff about their own work. They received funding from both the Health Authority and the SSD, though by far the greatest sum (and most significant in terms of survival) was from the latter. However, the staff of the project were largely from a health background (such as community nurses). They continued therefore to pose their services within the institutional paradigm of health rather than social care. This dissonance of institutional paradigms was putting the survival of the project in doubt:

> 'We used to be a health venture, then a joint one, then health withdrew. Now the funding is social services...We're uneasy about this. Social Services seem to want social support, but we don't provide this, we're therapeutic.'
>
> (Staff member of organization 13)

The traditional organizations. These too were subject to institutional pressures, but in different directions. For six of them, their historical legacy was so strong that they could think of doing nothing else, and indeed had no real desire to do ant other form of activity. For four other organizations, however, this legacy was was problematic. Organizations 19 and 23 were both in danger of dying out because they remained committed to the type of activity that they had always provided. Yet this was manifestly not attracting into the groups new, younger members, who had different needs and wanted different services. Like the proverbial rabbits in the headlights, they waited their inevitable fate, unable to move this dead-hand of history from their shoulders.

For the other two organizations in the group, the issue of legitimacy with their funders was of prime importance, though in these cases the expectation was of the continuance of a standard service:

> 'Our funding is stable – what's important is continuing to provide the same service.' (secretary of organization 22).

Why do the institutional factors work?

Thusfar in this chapter, it has been possible to demonstrate both that institutional factors have been uncovered at work in these case studies and the types of impacts that they had upon the organizations involved. It is argued here that this exploration has offered good evidence for the importance of these institutional factors in pre-disposing organizations either toward innovative or traditional activity, or toward the construction of their activities as innovative or not.

The final part of the approach of Lane adopted in this chapter was to explain how the institutional factors operate. This question is worthy of a further more detailed study in its own right. However, drawing both upon the existing literature and upon the evidence in this study, certain core elements are evident.

The issue of the innovative capacity of voluntary organizations is perhaps something of a paradox. As was illustrated in the literature review, within the non-profit studies literature, it has something of the status of a legend, though with little empirical foundation. By contrast, in the organizational studies literature, this issue is noted by its absence. Much of the literature is devoted to the innovative capacity of for-profit organizations, and comparatively little of it is addressed to the public sector, let alone non-profit organizations. Indeed, where it has done so, it has invariably assumed the links between a competitive market and innovation. It has thus been in terms of how to make the them more like for-profit ones, and consequently as more likely to be innovators (for example, Osborne & Gaebler, 1993). Almost no attention has been turned to explaining the innovative capacity of voluntary organizations within their own terms. Such an approach has as much to contribute to mainstream organizational theory as it does to the non-profit literature.

This thesis has made a start upon developing such a contribution. As noted earlier, the for-profit literature emphasizes the workings of the market, and in particular competition, as being the prime mover in the development of innovation. Firms innovate to obtain a competitive advantage over their rivals and so to increase their profits. Inevitably such action involves risks - that is, innovation can be costly, or fail. Firms therefore make a judgment upon the need to innovative upon the basis of this balance between profitability and risk.

However, for voluntary organizations, that impetus is not there, for two reasons. First, by definition, they are non-profit *distributing*, so that there is no direct financial incentive for innovation. The risks and costs of innovation have no financial benefits to off-set them, nor a profit-loss 'bottom line' by which to evaluate their impact.

Secondly, even with the developing mixed economy of care, there is still only a limited amount of direct competition between voluntary organizations to provide services. Often contracts are negotiated on a one-to-one basis between the local authority and a chosen voluntary organization. Moreover, this study was also undertaken in 1993, when the community care reforms had barely begun to have an impact, so that this factor was even less influential.

Innovation was clearly demonstrated in this study. If one is going to develop a theory of this innovative capability of voluntary organizations one therefore needs to look beyond both the assertions of the non-profit literature and the concentration of the organizational studies literature upon the significance of the profit motivation.

It is argued here that a *one factor* explanation is neither possible nor desirable. It belies the complexity of real life. A far better approach rather is a contingent one (Lawrence & Lorsch, 1967), which sees a number of factors as potentially contributing to the *innovation mix* for voluntary organizations, and as releasing their innovative capacity. A major factor here, as has previously been suggested in more general terms by Singh et al (1991) and Tucker et al (1992), is the search for *legitimacy*. This is the benefit that innovation can bestow upon a voluntary organization – be it legitimacy in the eyes of their beneficiaries, their staff, their peers, or perhaps most significantly, their funders.

It is in this search for legitimacy that institutional factors become so crucial, for it is they which construct the meaning of the activity of an organization. This legitimacy may be in terms of maintaining adherence to the organizational history, in terms of predisposing the organization to seek innovative solutions to problems, or in terms of how it seeks to construct the meaning of its activity to the key stake-holders and funders. The demonstration of innovative activity can frequently be a key performance indicator in demonstrating organizational effectiveness to these stake-holders, either because it fulfills their ideological pre-conceptions about the superiority of voluntary organizations as service providers or because it is seen as achieving the already nebulous and ill-defined governmental policy objective for innovation in community care services.

Of course, innovative activity is not the only way in which to gain legitimacy. Providing a specialist service, being a campaigning organization, or providing a key mainstream service could be equally valid. Indeed for some of the traditional organizations they eschewed innovation quite purposefully, in exchange for one of these other sources of legitimacy.

A key question left therefore is why some organizations choose innovation as a route to legitimacy, whilst other organizations choose other routes. This is where it is necessary to bring this institutional impetus toward innovation together with the other key factor in the *innovation mix* uncovered in this study, the relationship of an organization to its environment. This provides the context for the relationship between the different levels of institutional factors uncovered here, as well as with the other environmental and organizational factors uncovered earlier. The innovative capacity of voluntary organizations is thus forged in such a crucible. To reveal the nature of this process, the final section of this chapter of this thesis turns to the process of innovation uncovered in the case studies. Following on from this, a final chapter will bring all the elements of this study together in an initial model of the innovative capacity of voluntary organizations, as well as testing some of its key components out against a number of *hard* cases.

Figure 5.36 Responses of case study organizations to their institutional environments.

(a) innovative organizations;

(b) developmental organizations;

(c) traditional organizations.

Key for the meta-level factors

(+) – positive response to these factors (seen as being a good trend in social care)

(-) – negative response to these factors (seen as being problematic or as having a negative effect upon social care)

(?) – ambivalent response to these factors (mixed feelings toward the meta-level factors)

(o) – neutral to these factors or no discernible response.

(a) Innovative organizations

Organization	Meta-level factors	Macro-level factors	Micro-level factors
1	(+)	securing of funding from local authority essential to its survival, with innovation seen as a key indicator of organizational success in this forum.	philosophical basis, predisposed to innovation; belief of staff in the superiority of the organization to statutory ones, with innovation as a key indicator.
2	(?)	perceived by SSD to be meeting key service gaps; seen as important agent for bringing diverse agencies together.	personal belief of staff of the organization in voluntary organizations being more flexible and adaptive.
3	(0)	encouragement of national Federation to uncover new ways of meeting personal relationship problems.	personal commitment of counsellor to developing the service as an important one for the agency.
4	(-)	host organization perceived as source of innovation and encouraged by social services to develop new services; money specifically earmarked for this type of project; belief of key purchasers in social services in the innovative potential of voluntary organizations.	belief of host-agency organizor in the ability of the agency to innovate; organizational mandate to seek out unmet needs and develop new ways of meeting them.
5	(-)	a lack of any macro-level factors.	personal beliefs of organiser.
6	(?)	local authority seeking to develop the mixed economy of care, by encouraging independent service provision	belief in the superiority of their organizational staff; belief that they were best placed to respond to unmet need.
7	(+)	funded by social services to stimulate innovation in the community.	history of innovation, and commitment to it as an important goal.
8	(+)	perceived by social services as key source of innovation.	personal belief of manager in the ability of the organization to develop new services.
9	(0)	need to meet funding criteria of social services.	innovation important for staff development.

(b) The developmental organizations

Organization	Meta-level factors	Macro-level factors	Micro-level factors
10	(0)	pressure for voluntary sector to lead the way in developing new services, especially in the light of pending local government reform...	...*but* organization has neither the resources nor the 'clout' to take on such a role.
11	(0)	expectation of consistent quality services from funders.	belief in improving quality of existing services.
12	(0)	none discernible.	none discernible.
13	(-)	social services has emphasis on funding innovative services...	...*but* organization sees itself as providing specialist (therapeutic) ones.
14	(?)	none discernible.	none discernible.
15	(0)	none discernable.	none discernable.
16	(0)	none discernible.	belief of organiser in the strength of the existing mode of operation of the group.

(c) The traditional organizations

Organization	Meta-level factors	Macro-level factors	Micro-level factors
17	(-)	none discernible.	pride in the specialist service that they already provide, and no desire to change it.
18	(0)	none discernible.	innovation not felt to be needed because the organization concentrated upon one specialist type of service.
19	(0)	none discernible.	beneficiary group believed to want continuity not change.
20	(-)	none discernible.	pride in what they have done before and desire to continue with this approach.
21	(?)	none discernible.	beneficiary groupbelieved to want continuity not change.
22	(?)	expectation of continuance of exisiting service from funders.	importance of continuity with services provided previously.
23	(?)	none discernible	beneficiary group is felt to be different from others and in need of a services which deal with their special needs, and the importance of the continuity of these specialist services.
24	(?)	expectation of main-stream service from funders.	innovation as marginal to organizational mission.

FIVE: THE PROCESS OF INNOVATION

This section addresses the processes by which innovations were brought to fruition in the cross sectional case study voluntary organizations. It will commence by outlining brifly the methodological approach to these processes and issues. This will be followed by a short discussion of the ways in which 'innovation' was defined by the innovative organizations in the study. It will then highlight key processual issues drawn out of the case studies, before drawing conclusions.

Methodological approaches to the process of innovation

The process issues in the case studies were drawn out by structured and semi-structured interviews with the managers and staff of the relevant voluntary organizations, and by the collection of archival/documentary evidence, where available. In order to undertake an analysis of the process issues involved, use was made of matrices both to analyze and to display the processual data. This approach was invaluable in highlighting key factors in the innovation process(es) and in aiding 'pattern-matching' between case study organizations (Miles & Huberman, 1984). In addition to the cross-validation of these processes provided between the different organizations in the cross-sectional case study of innovation. Further validation was also provided by the longitudinal case study carried out in parallel to this study, and reported in Appendix A.

Operationalising 'innovation' in the case study organizations

Although all the organizations talked confidently about their innovative role, it was apparent from the interviews that the same phenomenon was not always being described. At the most basic level, it was true that innovation was always seen as involving 'new ideas' (co-ordinator of organization 3). This was most articulately put by the manager of organization 4. They emphasized the issue of discontinuity, as does our *template* definition, in differentiating innovation from service development:

> 'Its breaking new ground – doing something that people haven't done before. *Its starting something new, not just developing something that's already there.* Its something new – its meeting a need in a different way.' [my emphasis]

Despite this basic agreement, the organizations did put different emphases on the factors involved. For one organization, the core of this 'newness' was in defeating the 'dead-hand' of bureaucracy:

> 'Its new - surprising, different. Its using one's initiative. *Its something (that) needs doing and cutting through the red tape and bureaucracy and doing it.*' (Manager of organization 8) [my emphasis]

For another organization though, a key feature of this newness was in the element of providing a service not available in the area: the classic 'gap-filling' role:

> 'It's providing a service not in this area before – filling a gap in services.' (Co-ordinator of organization 3)

Finally, for yet another organization, the key feature was the genuine 'newness' of an innovation, which was differentiated from the diffusion of innovations from elsewhere:

> 'Its setting up a new service, a creative response to need - *not just copying a service from elsewhere.*' (Manager of organization 1) [my emphasis]

Clearly then, although there was agreement over the importance of newness in innovation, and in its discontinuity compared to service development, there were different emphases on this. As will be apparent below, these sprang from the different processes involved in the development of an innovation and from significant contextual factors. Within the broad definition of innovation developed previously therefore, this initial exploration would seem to suggest a cluster of associated processes, rather than a single unitary one.

Six themes uncovered

The processes of innovation in the case study organizations are displayed in Tables 5.37(a) to 5.37(i). Each process is explored within a standard matrix. The horizontal dimension concerns the chronological development of the innovation, from its pre-history to its posited future. The vertical dimension draws out pertinent issues, across four 'streams' identified below. (This approach is adopted from that of Van de Ven & Poole 1988).

Table 5.38 then summarizes the six key themes arising out of these analyses. The first of these is implicit in the differences displayed between each process of innovation, and was already raised above. This is that there is no *one* process of innovation. Innovation is not a mechanistic process which develops in a purely instrumental manner, as some of the more crass models from the for-profit literature would have (for example, Carson, 1989). Rather its development is contingent upon the inter-play between a number of factors, which inter-act and give meaning to each other. In this study, the four factors isolated are the actual 'historical' events of innovation, the actions of key individuals, the internal (organizational) context of innovation, and its external (environmental) context.

Again, these are not discrete streams but rather inter-act to give each other meaning. For example, with organization 1, the decision in the events stream by the parents group to try to develop for their adult siblings a quality alternative to the statutory provision was given further meaning by the development of the NHSCC Act. This legitimated their ability to do so, in the overall service context. Similarly, with organization 7, its need to find a direction for itself when its status as a demonstration project ended had resonance with the search of the SSD for an alternative intermediary organization, as its relationship with the existing CVS soured (leading to its eventual closure). Finally, in organization 5, a key factor in the failure of its innovation, and the possible closure of the organization itself, was the lack of any internal organizational forces to balance the creative, but unfocused, thinking and actions of the lead organizer. She became a classic *loose cannon*, with no checks or balances on her actions.

The second theme of the case studies is the importance of a chronological approach to understanding innovation. It is not a 'steady-state' but rather evolves over time. This has been argued previously in the important work of Pettigrew (1990), and was confirmed here.

Two issues need to be emphasized in this theme. First, a chronological perspective needs to embrace what psychologists would call an 'A-B-C' approach. This specifies the antecedents of a behaviour, the details of the behaviour itself, and its consequences (Osborne, 1986).

Thus, innovations have a pre-history and this is essential to understanding the subsequent shape of their development (this point is developed in more detail in the longitudinal cases study in Appendix A). With organization 6, for example, a great deal of the fierce independence involved in its development was as a consequence of the perceived nefarious actions of another national voluntary organization, in the 'prequal' to the development of the innovation itself. Similarly the failure of the innovation by organization 5, and its own probable closure, was a consequence of its long-standing inability to engage with its local service and institutional contexts.

The second issue is the variable time-scale of innovation. For some, such as organization 2, innovation was quite a rapid process, with decisions made and acted upon over quite a short space of time. For others, such as organization 3, the pre-history of the innovation was far longer than its development and innovation.

The third theme is the essential role that key individuals play in the development of innovations. This appears in part to reflect upon the importance of individual agency in the development of innovation – individual action is necessary. It also reflects the fact that many local voluntary organizations are small in any case; thus the impact of individuals upon these organizations is in any case far greater.

Yet again, there is no one role taken on by individuals in these processes. They can act as classic 'hero innovators', as the holders of core values, as enablers, or as service advocate/lobbyist (see the individual project summaries for examples of each of these roles). The precise role is determined and constrained by the context of the innovation.

Moreover, it is worth reiterating the findings from the cultural hypothesis, investigated earlier (and confirmed in the longitudinal case study). The presence of powerful individuals is no guarantee of innovation; there are many other, equally valid, organizational roles that they can undertake, besides innovation. Their presence is a necessary, but not a sufficient, condition for innovation.

The fourth theme has already been alluded to above, and that is the importance of appreciating the external context of the organizations and the innovations concerned. As was seen both in the literature review and in the exploration of the environmental hypothesis, organizations do not act in a vacuum, but in relation to their environmental context. There was further cross-validation of this in these processual analyses (such as in relation to organizations 1 and 2). Just as a responsiveness to their environment was found to be a significant characteristic of innovative organizations, so this responsiveness is equally influential upon the actual process of innovation.

The fifth theme is the mechanism through which this environmental responsiveness impacts upon the organizations and innovations concerned. This is the network of contacts surrounding these organizations. Again this point was raised in the environmental hypothesis, in relation to the complexity of the networks of the innovative organizations compared to the simplicity of the traditional ones. There is further cross-validation of this in these processual analyses (the process of innovation in organization 2 is a good example of this theme).

However, these networks do not play a single role. Just as the relationship between the an organization and its environment can vary, so can the functions carried out by the network(s) which mediate this relationship. Thus, in these cross sectoral case studies, networks could be a source of ideas for innovation (organization 2), a source of funds and other resources to facilitate innovation (organization 1), a support network to help with difficulties of bringing an innovation to fruition (organization 4), a source of legitimization for the innovation (organization 8), or a mechanism through which to implement the innovation itself (organization 3).

The final theme is the impact of the institutional context upon the process of innovation. This theme came across over and over again as the crucial one in the process of innovation. This might be because other agencies were essential to legitimating the credibility and validity of an innovation (organizations 1 and 5), because the innovation was being used as a tool through which to enhance the legitimacy of its host agency (organizations 3 and 9), or because the host organization was so *embedded* in the dominant service system that it was essentially an agent of this system (organization 7). The operationalisation of this institutional framework was apparent in the funding patterns of the innovators. The innovation could be triggered by the award of funding (organization 7), or funding could be a later reward for a service recognised as a successful innovation (organization 8).

Earlier the question was posed as to why a voluntary organization should want to innovate, given the risks and costs, in the absence of market competition and a profit motive. An important component of the answer lies in this institutional framework of voluntary organizations. This study has shown Singh et al. (1991) and Tucker et al. (1992) to be quite correct in analyzing the vulnerability of voluntary organizations to this institutional framework. Because they rely upon other organizations for their funding, and often for their wider societal legitimacy (certainly in terms of the service delivery system) then they are especially vulnerable to the expectations of these powerful organizations. As was demonstrated in a previous chapter, for these powerful (often governmental) organizations, innovation is a core component of their expectations because of its status as a policy initiative, its role as a gate-keeper in allocating scarce resources amongst/across a range of organizations, and its status as 'conspicuous productivity' (Feller 1981) – a way through which to demonstrate their efficient use of public money in the absence of more objective criteria.

Interestingly, the most graphic examples of this institutional effect are seen in the two organizations which struggled most with it. For organization 5, its failure to appreciate the institutional context of service provision led to the failure of its innovation - and possibly its own demise. More complexly, organization 1 had sought and gained its national legitimacy from its Steiner philosophy and network of contacts. This was immensely important in its initial raising of capital resources to start the project. However, in adopting this approach it neglected, even condemed, the institutional requirements of the local governmental agencies. This created real problems when it needed to switch to revenue funding-raising, principally from them. It was perceived as not meeting the institutional requirements of these agencies and as not being sufficiently innovative. Indeed its initial impetus for involvement in this study was an attempt to gain approval as an innovative project from another perceived key player (the Foundation funding this study), and so to enhance its institutional support and likelihood of revenue funding.

Conclusions

This section has explored the processual issues involved in the innovations within the cross-sectoral case studies. A high level of cross validation has been found with the influential issues highlighted in the causal hypotheses examined previously. Whilst those hypotheses highlighted the factors which contributed to the innovative capacity of voluntary organizations, though, this section has examined their impact upon the realisation of this capacity. Taken together these elements provide the basis of an initial model of the innovative capacity of voluntary organizations. This model is developed in the next chapter, and its key elements tested through a limited number of selected *hard cases*.

Tables 5.37 (a) – 5.37 (i): The processes of innovation

(a) organization 1

Stream	Background/ trigger issues	Development	Implementation	The future
Events	1985. meeting of parents of children attending Steiner School, concerned over the lack of a satisfactory adult provision. Decide to 'emulate the quality of life experienced in a Camphill School.'	1985-1990. Selecting a site; building their credibility; capital fund-raising.	1990 - onwards. Building credibility in locality, and developing their relations with SSD; revenue fund raising.	Financial security essential. For this to be achieved, it needs integration into range of community social services locally, and to develop the day service to include local non-residential users.
Key individuals	Future project director is key articulator of core values upon behalf of group (not a parent but committed staff member who was approached by parents)	Future project director makes a 'leap of faith' to leave his paid employment, to develop project: 'You can't recruit or fund-raise on an idea. You need an actual service in being.'	Project director holds core values.	Project Director and key SSD officials.
Internal context		Employment of professional fund-raiser.	Recruitment of appropriate committed staff.	Development of appropriate staff: staff training.
External context	Development of community care legislation gives added legitimacy to project.	Development of national support, using Steiner networks, to aid fund-raising.	Poor relationship with SSD needs addressing - mutual negativity. This affects ability of project to gain revenue funding from community care resources of SSD.	Improved relationship with SSD.

(c) organization 3

Stream	Background/ trigger issues	Development	Implementation	The future
Events	National federation had supported sex therapy since 1976. Previous attempt to set up local service in 1985 failed when counsellor left. 1989. idea resurrected locally with appointment of new committed counsellor	1989-1992. Research carried out by counsellor into need; training.	1992 - onwards. Slow take-up; marketing to other agencies is needed .	Training of an additional sex counsellor to lessen dependency upon exisitng therapist.
Key individuals	Counsellor appointed in 1989 (advocate and enthusiast), and office manager who supported and encouraged her throughout the development of the service.			
Internal context		Sources of funding explored.	Impact on other counselling services of 'loss' of this counsellor to sexual therapy service (opportunity cost)	Sexual therapy service to become a useful marketing device to Health for funding for the agency as a whole. It legitimates it as a necessity.
External context	Encouragement from national federation	Provision of training	Key role of Health in legitimizing service and providing network for referrals (Health Promotion Unit and GPs), plus funding.	Further funding likely from Health, which sees the innovation as a key service.

(b) **organization 2** *['Needy people helping needy people. We didn't set out to innovate anything, just to meet needs ... its not an innovation really, just a solution to a couple of problems.']*

Stream	Background/ trigger Issues	Development	Implementation	The future
Events	1988-89. Agency organizer meets with professional staff representing other community agencies, in a local series of community lunches. Out of these arose discussion of unmet needs, to be brought together by Volunteer Bureau (VB).	1989-90. Project established as part of VB; speedy development.	Hampered by poor quality supervisors initially. Took off with appointment of new project supervisor.	Doesn't want to grow too big. Maintain impetus and quality of service.
Key individuals	VB organizer as catalyst for discussions: 'honest broker'; importance of informal ntework of contacts from community lunches.	VB organizer.	Appointment of new project supervisor - enthusiast.	VB organizer and project supervisor.
Internal context	VB looking for ways to sustain itself; financially insecure.		(Un)reliability of volunteers; problems of trying to meet two needs - which has 'first' preference?	What would happen if VB closed down?
External context	Importance of existing informal contacts between front-line professionals - short circuited existing (long) planing mechanisms.	Informal network formalized into Steering Committee.	Service seen as legitimate by SSD - given core funding ("more secure than the Bureau itself!"). VB seen as legitimate player by SSD - "It gets things done".	Becoming embedded part of service delivery system.

(g) organization 7

Stream	Background/ trigger issues	Development	Implementation	The future
Events	1986/87. Agency set up as carers project, as one of series of DoH demonstration projects on community care. 1989. DoH projects reach end of life. 1990. Change of function for agency, to community care intermediary upon behalf of SSD.	1990 onwards. Short developmental period, leading to transformation of organization from one function to the other.	Acts as mediator between SSD and VOs on community care.	Develop further links into local voluntary sector - seen by some organizations in this sector as puppet of SSD.
Key individuals		New manager appointed with business background which comes to be defining characteristic of agency - 'We're preparing voluntary organizations for the market place.'		
Internal context		Change of staff, to undertake new function.	'One-person' organization.	Develop further staffing to lessen reliance on one person.
External context	Souring of SSD-CVS relationship.	Closure of CVS. SSD instrumental in re-formulation of agency, which becomes embedded in needs of SSD.	SSD legitimates agency as 'voice of the local voluntary sector'.	Continued funding to do a job upon behalf of SSD. Needs to establish wider credibility with local voluntary sector.

(i) organization 9

Stream	Background/ trigger issues	Development	Implementation	The future
Events	1988. Agency established in Midwell. 1990. Pressure of numbers on waiting list causes re-appraisal of agency policies.	1990. planning for group-based approach to service delivery.	1990. Implementation.	Project essential part of strategy of agency to convince SSD of need for future funding for agency .
Key individuals	(Paid) organizer sees this Branch of overall Federation as professional, compared to other branches which rely on volunteers only.	Organizer joined by qualified nurse. Both take pro-active role in group development.	Organizer and nursing colleague take prime role in implemantation.	Desire to develop network of groups which are self supporting.
Internal context	Changing perception of need in relation to waiting list pressure. Some needs (learning to make friends again) are seen as better dealt with better in groups.	Importance of small agency size, where easy to make changes.	Focus on quality service by by management committee and staff.	Survival of the agency.
External context	Lack of model elsewhere in the national Federation as to how to respond creatively to growing waiting list.	Joint funding from SSD and Health		

(h) **organization 8** *[(1) 'We're setting up new services that are people-centred, a creative response to need. We're not just spreading innovation for elsewhere - we're creating new user-led service.' (2) '(My job) is dreaming up the idea, writing it down, informing others of the service, looking for a suitable venue, chasing the grant application, contacting families...and organizing transport'.]*

Stream	Background/ trigger issues	Development	Implementation	The future
Events	1986/87. Lack of good services for young adults with learning disabilities leaving educational system perceived by group organizer. Existing services standardized and service led.	1987. Discussions with parents/carers and SSD.	1988. Project established in part of Midwell.	Diversification of work of project to cover new needs/expand over whole of area, not just existing wards.
Key individuals	Organizer as visionary and entrepreneur: 'hero(ine) innovator'.	Continued central role for organizer of project.	Organizer surrounded by number of volunteeers/sessional workers.	Need to expand paid staff of project.
Internal context		Project is small - centres around organizer. This produces dichotomy of organizational flexibility vs. over-dependence on one person. Management committee established by organizer to broaden base of project..		
External context	lack of needs-led day occupation services for adults with learning disabilities. Passing of NHSCC Act.	SSD positive about project. Fits in with community care legislation. The project takes on an implementation role for them. Project becoming embedded in local service network. Importance of link to school; organizer is a former teacher there, and knows beneficiaries/parents. Link to local church helped in getting key resources - such as premises for the project.		Continued funding required from the SSD into the future, as no other sources utilised.

(f) organization 6

Stream	Background/ trigger issues	Development	Implementation	The future
Events	1989. Local deaf association identified gap in service provision for deaf adults at 19 - no suitable living accommodation. Subsequent need for day service also identified	1990. National voluntary organization (NVO) opens residential . service. Perceived as 'annexation' of local need by national agency, for its own purposes.	1991. Day service opened. Key issues of transport and of integration with other social services.	Need to maintain exisitng service, and to put continued pressure on the SSD for other services.
Key individuals	Organizer of parents group (vicar for deaf community) is advcoate/holder of valuers. Active in meetings and lobbying.	Organizer acts as catalyst for parents group to develop and to take the lead in service development. Further lobbying required.	Organizer is key figure in implementation. No other paid workers - sessional only.	Need to develop committed group away from dependency upon one person.
Internal context		Parents take up ideas of day service - NVO excluded.	Independence from other organizations maintained, so not to repeat earlier annexation by NVO.	Need to develop number of active members in the project, to 'share the load.'
External context	NVO involved initially - but viewed suspiciously by parents, seen as interested in 'empire building'. Alternative parents group set up.	Links to school provision through parents group important - it provided awareness of un-met needs.	SSD prepared to support service as meeting a gap. Responds to pressure produced from lobbying activity of organizer.	Need to develop secure funding in the medium term, probably from the SSD.

(e) organization 5

Stream	Background/ trigger issues	Development	Implementation	The future
Events	Toy library short of members and of funding; needs to search for a new role. Attempts to 'migrate' to support for adults.	Little consultation with other agencies.	Letters/fliers sent out. Little take up.	Failure of project and possible closure of toy library.
Key individuals	Branch organizer as creative thinker, but not implementor or doer. Few other active members, on consistent basis.	Brach organizer takes responsibility for development and implementation of the project, with limited success.		
Internal context	Lack of active membership. Existing beneficiaries growing up and not being replaced by new ones.	Over-dependence on one person.		
External context	Lack of support from other agencies	Little attention by project to service network as a whole.	SSD has own leisure resource for adults. Does not support toy library initiative.	Lack of legitimation and support/funding.

(d) organization 4

Stream	Background/ trigger issues	Development	Implementation	The future
Events	On-going role of local CVS to explore unmet need and to establish projects to meet them. 1988. Project established elsewhere in region.	1990. CVS agrees to develop project in locality, at behest of SSD. Pilot scheme established.	1992. Mainstream project established.	Expansion of service area/size of project.
Key individuals	CVS organizer - self-professed 'networker.' Held in high esteem by SSD.	Enthusiastic worker appointed.	Close collaboration between CVS organizer and project worker.	Continued collaboration between agency staff and CVS.
Internal context		Project dependent upon CVS for initial organization.	Problem of reliability of volunteers.	Need to establish independent identity from the CVS.
External context	SSD keen to see this project disseminated throughout region. Saw CVS as key organization to do this - 'our venture capital.'	Importance of link to CVS in establishing the credibility of project. SSD encourage and support the development.	Need to develop credibility with other voluntary agencies, and not just SSD - facilitated by links with CVS.	Needs secure funding for the future and external credibility of project in its own right.

Table 5.38 Summary of processual themes across the case study of innovative organizations

Organization	Nature/type of innovation	Type of organization	Time-scale	Role of key individuals	Environmental factor(s)	Role of network	Institutional factors
1	new organization and new service to area	paid staff plus volunteers	long	organiser as holder of values and entrepreneur	service gap; changing legislation	national legitimacy and fund-raising	strong institutional link to exisiting Steiner network; worked against link to SSD (involvement in this study as legitimating tactic)
3	new service for exisiting organization and to area	paid staff plus volunteers	long	counsellor as advocate; organiser as enabler	service gap	implementation network	legitimation by national federation; innovation as way to gain funding

2	new service for existing organization and to area	paid organizer only; financially precarious	short	organizer as'honest broker' in network; supervisor as enthusiast	service gap; bureau-cratic/ long-winded planning process for statutory agencies	embedded in existing service network of professionals; 'short cutting' bureaucratic planning structures	VB legitimated by service system as key player; VB needing to secure funding from SSD
7	transformed organization and new service for area	paid organizer only	short	transformer of organizational/ sectoral values; entrepreneur	poor relation-ship between SSD and CVS; service gap as consequence of changing legislation	embedded in SSD service network	organization as getting legitimacy from SSD: 'creature' organization

8	new organization and new service for area	one paid organizer	medium	'hero innovator'; visionary/ advocate for the service	service gap	embedded in SSD service network; church network also important in implementation	legitimacy plus funding
9	new service for organization and for area	two paid staff	short	'hero innovators'; professional approach	service gap	implementation support from links with statutory agencies	imp. of professional approach; project as part of funding strategy re: statutory agencies
6	new service for area in existing organization	one paid coordinator plus member-volunteers	medium	advocate plus lobbyist	distrust of existing national organization for deaf people; service gap	supportive network of deaf commumity plus carers	weak;isolation of deaf community

5	new service for organization, but already existing in area	one coordinator	short	sole source of organizational inspiration/ action	SSD had other resources to use; lack of role for toy library	lack of good network contacts	weak; lack of support from SSD
4	new organization and new service for area (diffused from ajoining area)	CVS organizer plus project coordinator & volunteers	medium	CVS organizer as entrepreneur and 'networker'; project cordinator as enthusiast	previously successful scheme near-by, which SSD wanted to replicate; service gap	CVS as key organization in voluntary sector and for SSD	project instigation from SSD; CVS as its 'venture capital' - an appropriate role in service development

CHAPTER SIX. THE INNOVATIVE CAPACITY OF VOLUNTARY ORGANIZATIONS

The intention in this chapter is to pull together the findings from this study and to develop an initial model of the innovative capacity of voluntary organizations. This will then be tested further against a number of 'hard cases' to assess its robustness. The chapter will end by highlighting the academic contributions of this thesis and by pointing the way to future research needs.

ONE: TOWARD A MODEL OF THE INNOVATIVE CAPACITY OF VOLUNTARY ORGANIZATIONS

The story so far...

The driving force behind this thesis was the increased prominence given to the innovative capacity of voluntary organizations in the development of public policy. Specifiically it was prompted by the role envisaged for voluntary organizations in the PSS, as part of the development of the mixed economy of welfare. The intention was to explore the empirical substance of this capacity and to explore the key causal hypotheses about the source of this capacity. In doing so it was also intended to test the relevance and contribution of organization theory to our understanding of this innovative capacity of voluntary organizations.

The thesis began by developing a clear understanding of the nature of voluntary activity. It differentiated between voluntaryism, as an organising societal principle of voluntary action, voluteerism, as individual action freely chosen, and voluntarism, as the basis of organised, collective, voluntary activity. It made the point that, although voluntarism drew from the other two principles, it also had its own discrete conceptual roots. In particular the point was made that voluntarism has no necessary connection with volunteerism. On the basis of this conceptual clarity, this first chapter then reviewed current terminology about organised voluntary activity and concluded that *voluntary organizations* was the most appropriate term for such activity. This section concluded by establishing a definition of a voluntay organization, which drew upon the work of Salamon & Anheier (1994) and which focussed upon organizational issues for its impact.

The second chapter of the thesis reviewed the literature about innovation. It began by exploring the extensive literature about innovation contained within organization studies. This was used to develop a clear definition of innovation, an understannding of the range of factors associated with with both innovations and innovators, and an over-view of the process of innovation. The importance of discontinuity in activity was raised in particular in relation to innovation. This chapter also explored some of the wider areas of organization studies which could contribute to helping to understand the innovative capacity of voluntary organizations. In particular the potential contributions of contingency, systems and institutional theory were highlighted.

This chapter then reviewed the literature about both the innovative capacity of voluntary organizations, and about innovation in the PSS. A key issue for both was the lack of any real definition of the phenomenon under investigation. The former literature was found to be long on assertions and normative formulations about this capacity but short on either empirical evidence or causal models about it. The formulation of Knapp et al (1990) of it as a *legend* seemed particularly apposite, a kernal of truth certainly existed but it was shrouded with stories and implications which this kernal could not support. The latter literature was found to contain a wealth of descriptive material but only a very few studies of either analytic or prescriptive content.

This chapter ended by using the organization studies literature to give some greater clarity to understanding both the innovative capacity of voluntary organizations and its extent in the PSS. A typology of innovation in the PSS was developed, drawing upon the work of Abernathy et al (1983). This it was argued would help give a sharpness to the debate about innovation which had been lacking previously.

The third chapter of this thesis outlined the methodology of the research which underpinned it. It began with an over-view of the key general issues to be surmounted in developing a research project, and in particular the balance between both quantitative and qualitative approaches to research, and between deductive and inductive approaches to the research process. The importance of the issues of reliability and validity were also emphasized.

This chapter then detailed the approach to be adopted here. It was argued that, because of the lack of research in this area it would be necessary to combine an initial inductive approach to mapping the extent of innovation by voluntary organizations in the PSS with a subsequent deductive one to exploring causal hypotheses about this activity. The issue of the locus of the study was also raised and it was argued that the use of three cluster, or locality, studies would provide local detail and allow environmental factors to be explored. Concretely, it was proposed to combine an initial survey of innovation by voluntary organizations in these loci with three cross-sectional case studies of innovative, developmental (ie incremental) and traditional (ie non-innovative) activity. This chapter ended by considering the reliability and validity of this study. It emphasized the need to use both methodlogical and data triangulation (Denzin 1970) in order to establish these conditions.

Chapter four reported the findings of the survey of voluntary activity in the PSS reported by voluntary organizations in the three localities. It began by describing the types of activity which were reported as being innovative by the organizations in this study, and emphasized that this activity ranged from the clearly innovative, in terms of the definition used in this study, to activity which simply modified or extended exisitng provision (such as opening a club an extra day a week).

On the basis of this discussion, and by the further application of the typology of innovation developed in chapter two, it was possible to specify three different types of organizational activity. These were *innovative* activity, which developed a new service for an organization and/or served a new client group (the key issue here being one of discontinuity with the previous activities of an organization); *developmental* activity, which developed or modified an existing service to an existing client group of the organization; and *traditional* activity, which maintained the existing services of the organization to its existing client group. When the activity reported in the survey was re-analysed in this way, it was found that around a third of the organizations surveyed reported legitimate innovation. This provided the first empirical mapping of the extent of innovative activity by voluntary organizations.

Following on from this mapping, this chapter also explored the main organizational attributes of the innovators compared to their developmental and traditional counterparts. These were explored using both chi-2 tests of statistical significance with the distributional statistics and the more sophisticated and relational approach of discriminant analysis. This exploration found it hard to diiferentiate between the innovative and the developmental organizations on the basis of their organizational attributes. However, important diferences were uncovered by the chi-2 tests between the innovative and traditional organizations. The subsequent discriminant analysis brought these into relation with each other, by establishing a discriminant function which differentiated strongly between these two types of organization. The key variables involved were the presence of a paid staff group, the impact of governmental funding as a major source of organizational income and the organization being a young one. This chapter ended by discussing the import of these findings. It emphasized that whilst they provided an important description of the organizational attributes which differentiated innovative voluntary organizations from their traditional counterparts, they had two significant limitations. First, they were not prescriptive attributes, in the sense that only organizations with such characterisitcs were innovative. This was manifestly not so. These, and other, attributes were contingent upon other factors for their import. Secondly, these attributes were not causal factors. They described the types of organizations which were typically innovators, but they offered no clue as to why this might be. In order to answer this second question, it was therefore necessary to turn to the second part of this study, the cross-sectional case studies.

These case studies were developed in chapter five. They evaluated four possible causal hypotheses to explain the innovative capacity of voluntary organizations, which had been developed from the literature review in chapter two. These were that it was a function of their organizational structure (the organizational hypothesis), of their internal organizational environment (the internal organizational hypothesis), of their external environment and their relationship to it (the external organizational hypothesis), or of their institutional context and relationships (the institutional hypothesis). These were evaluated in turn.

Little was found to support the organizational hypothesis in its own right. Once again it was hard to locate any substantial differences between the innovative and developmental organizations. It was found that innovative organizations could be differentiated by their higher level of job specialisation and of professionalisation, but the relationship was weak and its import unclear. It was suggested that the higher level of specialisation was accounted for mostly by administrative posts, which could have freed up the time of service related-staff for mission critical activity. However it was not clear whether professionalisation was important for the impact upon staff of such training or as a proxy for organizational resources. It was concluded that, by itself, the organizational hypothesis could contribute only a little to explaining the innovative capacity of voluntary organizations, and that this evidence needed to be considered in relation to the other findings for a proper understanding.

There was also found to be limited support for the internal environmental hypothesis. It did confirm that a cluster of internal characteristics did describe the innovative organizations, that is the presence of a paid staff group, the specialisation of administrative taks, and a tendency toward professionalisation of service-related tasks. It also found that individual agency (in the sense of a strong individual committed to innovation as a process or to a specific innovation) was an important factor in the development of innovation.

However, none of these (or all together) was found to be sufficient to explain the innovative capacity of voluntary organizations. Individual agency, in particular, was reliant upon other factors to give it its purpose and meaning; such single minded individuals could be found in traditional or developmental organizations, but performing different functions.

The external environmental hypothesis proved to be more fruitful. Not only were innovative organizations found to inhabit more complex environments than traditional or develpmental ones, they also exhibited a greater receptivity and responsivenenss to their environments. The challenges of their changing environements were often perceived as opportunites for development rather than, as often for the traditional organizations, being perceived as threats to the status quo.

This relationship was understood further by placing it in the context of systems theory (Scott 1992). This allowed innovative organizations to be seen as open systems, which were reliant upon elements of their environment in order to achieve their organizational purpose, whilst traditional organizations were better understood as closed, natural, systems which were more self sufficient onto their organizational purposes and which put a higher degree of import onto the survival of the organization in its pre-exisiting form. It was also conjectured that it was this enviromental relationship which the earlier organizational and internal environmental factors were contingent upon for their import. Finally, it continued to be difficult to get any clear picture of the causal factors which differentiated the developmental from the other two types of organizations.

The final hypothesis was the institutional one. This concerned the effect of the institutional framework of an organization upon its work. This was disaggregated to the meta-, macro-, and micro- institutional levels. The meta-level concerned the over-riding societal framework for the role of voluntary organizations in the PSS and the impact of government perceptions and legislation on these organizations. The macro-level concerned the impact of their locality on voluntary organizations and particularly the effect of key resource holders in their localities, such as local government. The micro-level factors concerned institutional forces operating within voluntary organizations. These included the personal and professional beliefs of their staff, the past history of an organization, and its organizational mission and culture.

These institutional forces were found to have a powerful effect upon the innovative capability of voluntary organizations. The current meta-level forces provided a context which legitimated, and indeed promoted, the innovative role of voluntary organizations in the PSS. At the macro-level this was operationalised through the funding policies and procedures of the key funders of voluntary organizations, as well as through the mutual perceptions of the network of voluntary organizations of which any one organization might be a part. Finally at the micro-level the role of these institutional forces was reinforced by the self-perceptions of an organization and its members. These could predispose an organization to be more or less receptive to the meta- and macro-leveel forces acting upon it.

These institutional forces operated in several ways. They might predispose an organization to expect to act in an innovative manner or to be pro-active in seeking out/responding to unmet social needs, on the basis of its past history, the personal values/beliefs of its staff, and/or the nature of its organizational philosophy. They could also predispose their key stakeholders and funders to have expectations of innovation by these organizations. This, in turn, could result in 'legitimate' innovation by these organizations, but it could also lead them to interprete/portray their organizational activity as being innovative, irrespective of its actual nature, in order to meet the institutional expectations placed upon them. This was apparent with a number of the developmental organizations, which portrayed service developments as innovations precisely because of these institutional pressures.

Indeed, it is important to recognise that institutional forces had as great an impact upon the developmental and traditional organizations as upon the innovators. It was seen that the developmental organizations often occupied an ambiguous position, where the expectations of their funders required them to portrey their services as being innovative, irrespective of their true nature. For the traditional organizations, they could be more immune to the external institutional forces, either because of a stable funding base with a non-innovative bent, or because of strong micro-level, internal forces, which held them committed to their existing mission and service mix.

Finally, the process of innovation was examined in this study. No one process was uncovered, but rather a cluster of processes, contingent upon a number of factors. Individual agency was found to be an essential part of this process, though in a number of different ways and performing a number of different organizational functions, dependent upon the innovation concerned. Individual agency was often the mechanism through which the micro-level institutional forces were operationalised within a voluntary organization.

The macro-level external environment was also a key variable of the process. This could be important both in providing the context to frame and give meaning to the innovation process, and also in providing the medium in which the innovation developed. Of especial importance here were the networks of contacts between the innovative voluntary organizations and their local environment which could provide a source of innovative ideas, a source of support, both in terms of finance and the legitimacy of the innovation, and/or a core component of the operationalisation and implementation of an innovation.

The final factor in the process was again the meta-level institutional framework. This framework was argued to be the essential incentive to innovation, in the absence of a competitive environment and profit-motive, so essential to innovation in the for-profit sector. It was this framework which was the spur to release the innovative capacity of voluntary organizations.

It is important to emphasize, as Granovetter (1985) has suggested, that these institutional forces both *constrained* and *enabled* the activity of voluntary organizations. They *constrained* it in the sense that innovation was often an expectation of such organizations, so much so that it was frequently an essential element of their funding criteria. This led voluntary organizations to select certain types of activity above other types or to portray their activity as innovative, irrespective of its actual nature.

They *enabled* it in the sense that they carved out a distinctive niche for voluntary organizations against both governmental and for-profit organizations. Thus voluntary organizations had much greater opportunity to innovate than governmental organizations, because the *catagorical restraint* (Knapp et al 1990) limited the ability and/or opportunites for government to innovate. By contrast, their independence and ascribed institutional role gave voluntary organizations a freedom to innovate which governement did not possess. Similarly it also enabled their role in contrast to for-profit organizations. It provided voluntary organizations with a source of funding for innovation which was not open to for-profit organizations. Moreover, the market for the PSS is too small to offer many opportunites for such organizations to cull greater profits through innovation and so militates against these firms taking the risks that innovation carries.

...And toward a model of the innovative capacity of voluntary organizations.

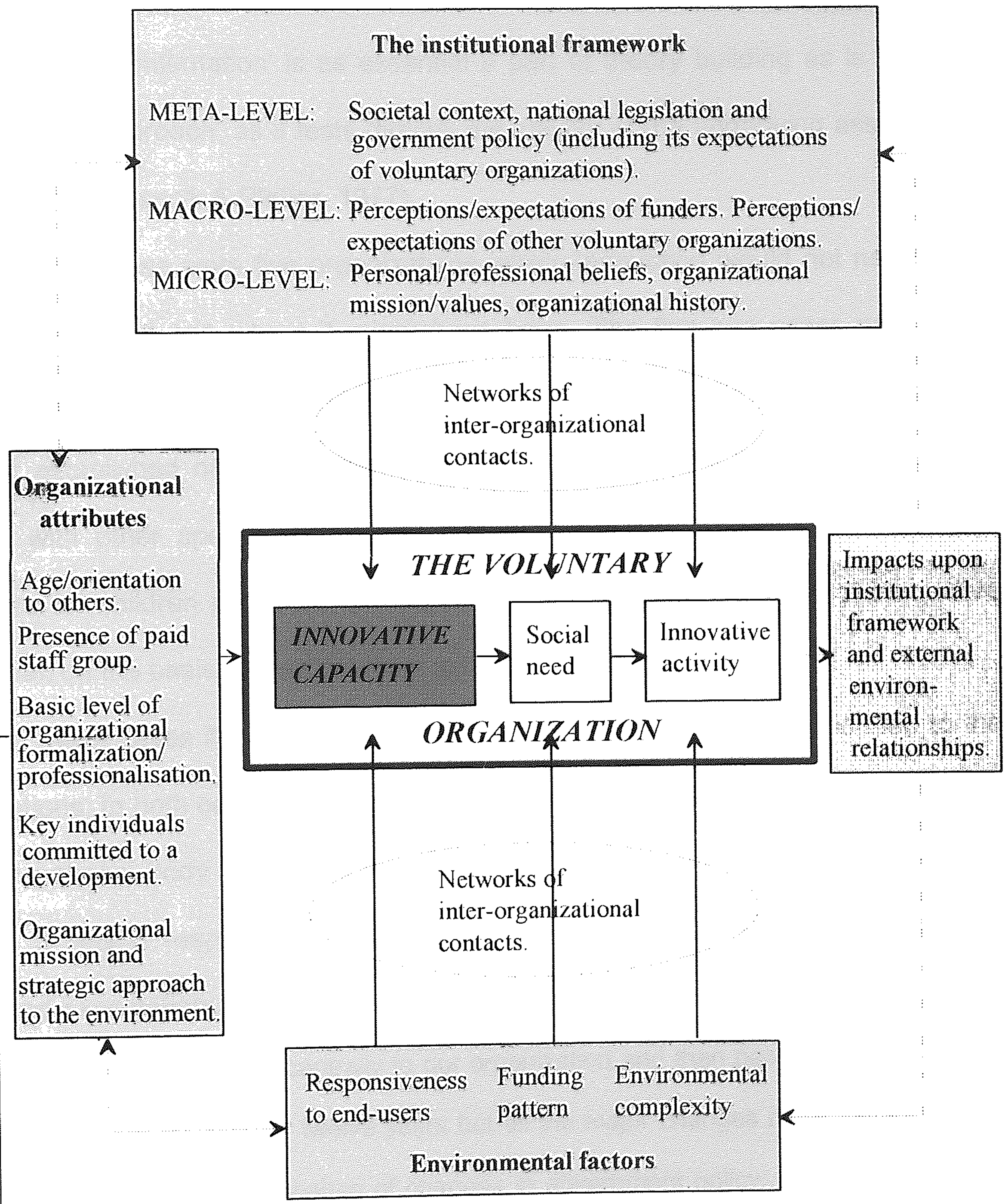
These factors are brought together in Figure 6.1. This offers an initial model of the *innovation mix* - the way(s) in which the innovative capacity of voluntary organizations can be brought to fruition by the inter-action of a number of variables in this mix. This sees the voluntary organization as an open system, dependent upon interacting with its environment in order to achieve its organizational mission. This environment (and the organization itself) is structured by, and contingent upon, the institutional framework.

The issue of contingency (Lawrence & Lorsch 1967) is essential to this model. This is not to say that anything goes. Indeed the institutional framework is an essential component of this mix. It is this which gives meaning and potentiates the other key elements of this model - the attributes of an organization and the key environmental factors in a locality.

Moreover, within either the organizational attributes or the environment factors, there are a number of sub-components (such as organizational age or orientation in regard of the organizational attributes). Which of these come into play depends upon the overall interaction of the elements of the model.

This model is an important development in understanding the innovative capacity of voluntary organizations and its resolution. In order to test its bounds, the final stage of this study was to subject it to some hard cases. These are reported in the next section.

Figure 6.1: The innovation mix



TWO - THE HARD CASES

The bounds of this model were tested by a selected number of 'hard cases'. These are cases which seemed to fall outside its parameters, and so tested its validity. This search for 'disconfirmation' is as essential a part of theory building as is the more confirmatory approach, as it tests directly the validity of the underlying assumptions of the study (Salancik & Pfeffer, 1977).

In this study these were five organizations where innovation would not necessarily be expected and one where it might have been. The first two cases were large established organizations of some age and with little history of innovation. Both were part of established national organizations. One provided residential care for deaf adults with other special needs and one provided community-based child care services for children in need. Neither would suggest a high degree of innovative potential, on the basis of their previous work.

In both these cases it was changes in their institutional framework which led to the innovations. In both cases the emphasis upon innovation was mandated downwards by the national body of the organization, and in both cases the rationale was the same. It was a response to changing governmental policy and the consequent changed expectations of their main (frequently governmental) funders:

> 'All our fees are paid centrally to our organization and then passed down to us...I've been here for twelve years but all the major changes have been in the last five years, because of changes in government policy...The change has been top-down, from our national director of residential services - its what the social workers in local authorities want now.' (senior manager of

> residential home for adults with profound deafness, talking about the development of an independent living facility at the establishment)

> 'We're being encouraged by our national office to provide new "integrated" services for children...Basically this means whatever the (Social Services) Department will pay for!' (regional manager of national child-care charity, talking about developements in his region)

This institutional change required a service change for the organizations, so that they could continue to be congruent to their key funding environment. This was not an easy change for either organization, which had established ways of providing traditional residential services. One of the organizations in particular reported a number of staff changes because the existing staff group could not adjust to the new way(s) of working, whilst both emphasized that training was essential to the transition from traditional to innovative activity.

The third organization was also an older organization with a large staff group. It provided a community resource centre for young people with problems, such as homelessness, drug abuse, or delinquent behaviour. Here, the age of the organization was not so much a 'dead hand' upon it, but rather a source of pre-history. For much of its past it had had to develop innovative services in order to secure funding – this had been a key funding criteria. It now had more secure funding through a service agreement with the local authority. However, this history of innovative activity had built up a momentum and expectation amongst the staff, and innovative responses to newly expressed needs were the expectation of these staff.

Another important factor was that, although the organization itself was relatively old, it had a high turn-over of staff. The centre manager believed that this was beneficial, because new staff brought new ideas and approaches into the centre. Thus, the organization provided a framework with a bias toward innovation, within which the change of staff provided a flow of new perspectives and of innovative ideas:

> 'We expect our staff to have new ideas, and we have young staff coming in all the time. They're eager and keen and want to make a mark - they're committed to change.' (manager of resource centre)

The next two organizations were volunteer-based ones, which one would not have necessarily expected to be innovative as a result of the model outlined above. Both were carers groups. The key factor here was that the SSD had been instrumental in setting up both organizations. To a great degree they were in effect expressions of the innovative activity of the SSD, rather than a source of innovation themselves.

This was confirmed when their activity subsequent to their establishment was viewed. Both had quickly become quite conventional in providing a range of standardized activities and services for their members. They had neither the time nor the inclination to continue to exert an innovative capacity. It was the establishment of these groups by the SSD which had been the actual innovation, rather than their subsequent activity.

The final organization was one which had significant funding from the local authority and which might therefore have been expected to be an innovative organization. It was a local information centre for people with a physical disability. This case, however, made plain that it was not solely *governmental* funding alone which stimulated innovation, but rather *the expectations of funders*, whoever they might be. In this case the expectations of the local authority were limited to the provision of information service and little else. The centre conformed to these expectations:

> 'We get a grant from the Social Services to (provide information services). That's it. We don't have any other contact. Its a pity - we know what the needs are but we are not used.' (coordinator of information centre)

These six hard cases have demonstrated both that the innovative capacity of voluntary organizations cannot be stimulated and released in a mechanistic way, and that the model developed here is sophisticated enough to be able to emcompass this complexity and render it comprehensible. It has demonstrated that the stimulation of innovation is not sympathetic to the recipe book approach - that is, it is not a case of mixing a number of key ingredients together and then awaiting the innovation cake to rise. Rather, what is important is the interaction of these elements, which are themselves contingent upon the key environmental and institutional contexts. Organizations with apparently traditional attributes, as in some of these hard cases, can become innovators in the right institutional and local environment.

The innovation is thus a function of this inter-action, rather than of any one single factor. In this sense it conforms very much to the contingency model of organizational dynamics discussed previously. What is essential is that the organizations involved operate as open systems, which are responsive to these factors, and indeed reliant upon them to achieve their mission critical ends. This then allows the institutional framework and the key environmental factors to inter-act with organizational attributes. These attributes only gain their meaning from this inter-action. In a sense, thre is no such thing as an innovative voluntary organization *per se*, nor is it an essential (normative) characteristic of voluntary action. The innovative capacity of voluntary organizations is both stimulated and produced, and constrained, by these environmental factors and institutional frameworks surrounding voluntary action.

It could be argued that such an approach reduces the complexity of organizational life to a relatively small number of organizational contingencies. However, these shone through again and again in this study, in their impact upon the innovative capacity of voluntary organizations. Pfeffer (1981) has warned elsewhere against the spurious search for complexity in organizational analysis:

> 'It is clear that if the bounded rational managers...of some of our theories really had to cope with worlds as complex as implied by the numerous measures and models applied to understand these worlds, they could face an impossible task. Yet somehow managers function, organizations operate, and work gets done ... In our fascination with complexity, we overlook the potential for finding simpler models to describe the world ...
>
> ...The field has lost sight of Occam's razor and the rule of parsimony. The law of requisite simplicity suggests that the premises underlying many of our theories are correct and that some relatively straightforward concepts properly applied can account for much of what occurs in organizations. We need to look for a small set of powerful concepts that are relatively simple in their application and measurement. The complexity of our models and measure has well exceeded the complexity of the phenomena we study.' (pp. 411-412)

It is argued here that the initial model uncovered by this study provides just such a set of concepts for understanding and exploring the innovative capacity of voluntary organizations.

Finally, a helpful approach to evaluating the utility of such an emerging model as this one is provided by Deutsch (1966). This approach has been used recently by, amongst others, Salamon & Anheier (1992a, 1992b). He argues that a useful model needs to combine an appropriate mix of four factors. These are its ***relevance*** to the topic under consideration and the empirical evidence which relates to it; its ***economism*** compared to alternative models; its ***predicative powers,*** in terms of its *rigour* (its potential to offer insights to each step of its analysis), its *combinatorial richness* (the range of alternative scenarios that can be generated from it) and its *organizing power* (its ability to be be generalized across different situations and data); and its ***originality***, in that it contributes something new to the body of knowledge within which it is located.

Whilst Deutsch emphasized that no model could meet all these criteria, it is argued here that this model scores strongly against these criteria. Its relevance can be seen to the extent that it emcompasses the substantial concepts to have been unearthed in this study and incorporates them within an integrated conceptual framework, and its economism has already been emphasized above.

The predicative power of the model is perhaps more of a potential than a reality at this time. It has shown itself able to offer insights into both the structure and process of innovation by voluntary organizations, and to have the ability to incorporate different organizations and localities. Further work is required to test it across different organizational industries and fields. Finally, the originality of the model is strong. It is the first such model of the innovative capacity of voluntary organizations, whilst it also offers an insight for organization theory into the spurs to innovation in a non-market environment.

THREE: CONCLUSIONS

The academic contributions of this thesis

This thesis has explored the role of voluntary organizations in innovation in the PSS. It is argued here that it has made two significant contributions to our knowledge base - an empirical and a theoretical contribution.

The empirical contribution. A key factor to arise out of the literature review was the paucity of empirical evidence against which to test the bredth of assertions about the innovative role of voluntary organizations. This thesis has provided just such an empirical basis.

This contribution has had two dimensions to it. First, it has developed a classification of innovation, derived from theory, through which to validate the innovative, or otherwise, activity of voluntary organizations. This classification has been able to distinguish such innovative from developmental and traditional activity. It has also enabled the nature of the *newness* and *discontinuity* of this innovation to be captured, and has disaggregated its *service* and *client* components for analysis. Secondly, the study has provided a mapping of the extent and nature of innovative activity by voluntary organizations, and has explored a number of organizational characteristics which describe the innovators, compared to their developmental and traditional peers.

The theoretical contribution. In addition to this empirical contribution to knowledge, this thesis has also made a modest contribution to theory. As well as providing an empirical description of the innovative voluntary organizations, it has developed an initial model of the innovative capacity of voluntary organizations. This model has emphasized the contingent nature of the fulfillment of this capacity, and specified the key factors upon which it is contingent. This contribution can be viewed from two perspectives.

[1] Non-profit theory. As was apparent in the literature review, the field of non-profit studies has suffered from a lack of attention to organization theory (Knokke & Prensky, 1984; Paton, 1993) which is only know being rectified, particularly in the United States.

This study has drawn significantly from organization theory in approaching the innovative capacity of voluntary organizations and its role in social policy. It has drawn in particular from the innovation studies sub-literature. This has allowed a clearer definition and understanding of innovation to be developed than was previously the case in the non-profit field, or indeed in the wider study of social policy. It has also derived useful insights from other branches of organization theory, and in particular from systems theory, contingency theory and institutional analysis. This study thus has demonstrated the contribution that organization theory can make to the study of voluntary organizations. As noted at the start of this thesis, this is by no means a unique contribution, but rather one of a wave of such contributions being made at present. Where it is unique is in its focus upon innovation by voluntary organizations.

[2] Organization theory. Despite the bredth of material written about the study of innovation, a gap has been the lack of an appreciation of innovation in a non-market environment. The exisiting literature has invariably emphasized competition and the

profit-spur to innovation. Singh et al (1991) and Tucker et al (1992) have offered some pertinent insights into the impact of the institutional environment upon the field of social care and of voluntary organizations respectively. This thesis has built upon and developed these insights further, and has used the institutional paradigm to understand and analyse innovation within a non-profit environment. It has argued that it is the institutional framework, which both legitimates innovative activity and offers the possibility of organizational legitimacy thorough innovation. Just as Huxham (1991; 1993) had developed the theory of collaboration in the absence of competition, so has this thesis developed the theory of innovation in the absence of competition.

A second, more limited, contribution has been a refinement of the concept of institutional isomorphism, as developed by Di Maggio & Powell (1988). They emphasize the pressures to organizational uniformity within any institutional field, and congruence between the organizational structures of the major and minor players in such a field. They argue for three types of pressures to such unifirmity - coercive, mimetic and normative isomorphism. In contrast, his study has shown not so much a pressure to conform to such *structural uniformity* but rather a pressure to *congruence with the prevailing expectations* within the institutional field. Whilst Di Maggio & Powell argue that inter-action with significant 'higher order collectivities' will lead voluntary organizations to mimic their characteristics, this has suggested otherwise. It has suggested that these former organizaions can set a separate institutional agenda which will have an equal impact upon the work of voluntary organizations. It is thus possible to hypothesize a fourth type of isomorphism, where the pressure is not to structural uniformity in an organizational field, but rather conformity with the expectations of the major stake-holders about the roles and tasks that other organizations in this field should undertake. This might be termed *instrumental isomorphism.* This is an interesting point and deserves further exploration.

The need for further research

Inevitably, no research study is complete. This study itself opens up as many questions and venues for future research as questions that it has answered. Six areas are of particular import.

First, it was noted at the beginning that this thesis was entering an area which had had little previous research done in it. As such the search for a model was initially akin to the proverbial search for a needle in a hay-stack. Having developed an initial model, it now needs further rigourous testing and refinement. This work should focus upon

- allowing the legitimacy of the model to be tested further, by replication studies;
- developing focussed hypotheses to be constructed upon the basis of the model in order to refine some more of its detail (further work on the process of the release of innovative capacity would be useful, for example); and
- testing the generalisability of the model across other service fields besides the PSS (Tucker et al (1992) have suggested that institutional forces are a strong influence in such fields, so it would be instructive to explore their impact in other areas of public and social policy, such as that of the environment).

Secondly, comparative studies would be important to test the national bounds of the model. It is important to know the extent that this is a general model, capable of wide application, or if it is bounded by national characteristics. This author has already begun such comparative work, in Hungary, and is presently discussing the possibility of further such work, in Canada, Jamaica and the United States.

Thirdly, specific parts of the model would benefit from further attention. A systems-approach has been used in an exploratory way, in order to help understand the innovative capacity of voluntary organizations. Further work is needed to develop this approach in a more analytic manner. Similarly, whilst the importance of networks has been highlighted, as key conduits of contact between organizations and their environments, only a start has been in mapping them. Further work with the tools of network analysis (Knokke & Kuklinski 1982) would enable more detailed explorations of these networks and their internal dynamics.

Fourthly, this thesis has developed a typology of innovation which has been used as a template for classifying the activity of organizations. It too has also been used largely descriptively. However, it offers the potential to explore key differences and approaches between different types of innovative organization - for example between those organizations producing evolutionary compared to expansionary innovation. Again, this needs further attention to fulfill its potential.

Fifthly, this study took place at the very start of the introduction of the mixed economy of welfare as the prevailing model of the PSS in Britain. As such it can say little about the impact of service contracting upon the innovative capacity of voluntary organizations. Given the significance of the institutional framework of voluntary organizations evidenced in this study, this is a significant development.

There is an urgent need therefore for further work to explore the impact of service contracting upon the innovative capacity of voluntary organizations.

Finally, this thesis has suggested a development of institutional analysis, by focussing not so much upon structural convergence as upon congruence to the prevailing expectations within an institutional field. Again, this deserves more detailed exploration than has been the case here.

In addition to these future research needs, there is also a requirement to draw out the managerial and policy implications of this research. Whilst the academic contribution of this study is a necessary beginning and a contribution to knowledge, this is not sufficient. For its greatest impact upon policy and practice these applied components are essential. This work has been just begun by this author.

In conclusion it is argued that this thesis has made a significant contribution to our knowledge and understanding of the innovative capacity of voluntary organizations in the PSS. It is now time to build upon this contribution, to increase this knowledge and understanding even further.

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APPENDICES

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Appendix B Survey questionnaire and supporting documents

Appendix C Paper on the local coordination of the PSS in Britain

Appendix D Copies of the research instruments for the case studies