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Strategic Positioning in Voluntary and Non-Profit Organizations in the UK: Exploring the experiences of British Charitable Organizations

(VOLUME I)

CELINE CHEW

Doctor of Philosophy

ASTON UNIVERSITY

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THESIS SUMMARY

This thesis explores the strategic positioning [SP] activities of charitable organizations [COs] within the wider sector of voluntary and non-profit organizations [VNPOs] in the UK. Despite the growing interest in SP for British COs in an increasingly competitive operating environment and changing policy context, there is lack of research in mainstream marketing/strategic management studies on this topic for charities, whilst the specialist literature on VNPOs has neglected the study of SP. The thesis begins with an extended literature review of the concept of positioning in both commercial [for-profit] and charitable organizations. It concludes that the majority of theoretical underpinnings of SP that are prescribed for COs have been derived from the commercial strategy/marketing literature. There is currently a lack of theoretical and conceptual models that can accommodate the particular context of COs and guide strategic positioning practice in them. The research contained in this thesis is intended to fill some of these research gaps. It combines an exploratory postal survey and four cross-sectional case studies to describe the SP activities of a sample of general welfare and social care charities and identifies the key factors that influence their choice of positioning strategies [PSs]. It concludes that charitable organizations have begun to undertake SP to differentiate their organizations from other charities that provide similar services. Their PSs have both generic features, and other characteristics that are unique to them. A combination of external environmental and organizational factors influences their choice of PSs. A theoretical model, which depicts these factors, is developed in this research. It highlights the role of governmental influence, other external environmental forces, the charity's mission, organizational resources, and influential stakeholders in shaping the charity's PS. This study concludes by considering the theoretical and managerial implications of the findings on the study of charitable and non-profit organizations.

Key words: strategic positioning, positioning strategy, management, charities, voluntary and non-profit organizations

DEDICATION

This thesis is dedicated to my father, whose untimely demise left me and my sisters with a void in our lives. He taught me the importance of hard work and humility, which have helped me tremendously in completing this thesis.

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Chew, C. (2003). 'What Factors Influence Positioning Strategies in Voluntary Non-Profit Organizations? Towards a Conceptual Framework', *Local Governance*, 29:4 pp. 288-323.

Chew, C. (2005). 'Strategic Marketing Planning and Positioning in Voluntary Non-Profit Organizations: Empirical Findings and Implications for British Charitable Organizations', *Research Working Paper RP 05/06, Aston Business School,* Birmingham.

Chew, C. (2006). 'Positioning and its Strategic Relevance: Emerging Themes from the Experiences of British Charitable Organizations', *Public Management Review*, 8:2 pp. 333-50.

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Chew, C. (2005). *'Positioning and its Strategic Relevance: Empirical Findings and Implications for Charitable Organizations'*, Paper presented at the Joint Birmingham Business School-Aston Business School Doctoral Colloquium (June), Birmingham University, Birmingham.

Chew, C. (2006), *'Exploring Strategic Positioning in UK Voluntary Non-Profit Organizations: Lessons from the experiences of two contrasting cases of British Charitable Organizations that provide public services'*. Refereed paper presented at the 10th International Research Symposium in Public Management (IRSPMX), 10-12 April, Glasgow, Scotland.

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ABBREVIATIONS USED IN THIS THESIS

ACEVO	Association of Chief Executives of Voluntary Organizations
CAF	Charities Aid Foundation
CO/COs	Charitable organization/Charitable organizations or charities
EU	European Union
GWSC	General Welfare and Social Care
ICNPO	International Classification of Non-Profit Organizations
ICT	Information and communication technology
MO	Market orientation
NCVO	National Council for Voluntary Organizations
NHS	National Health Service
NTEE	National Taxonomy of Exempt Entities
PS	Positioning strategy
RBV	Resource-based view
RDT	Resource dependence theory
RQ/RQs	Research question/research questions
SCVO	Scottish Council for Voluntary Organizations
SMP	Strategic marketing planning
SP	Strategic positioning
ST	Stakeholder theory
UK	United Kingdom
US	United States of America
VNPO/ VNPOs	Voluntary non-profit organization/voluntary non-profit organizations

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CHAPTER/SECTION AND TITLE

Chapter 1: Introduction to the thesis

1.1   Overview of this chapter

This chapter introduces the thesis, which is comprised of eight chapters. The thesis concerns the extent to which strategic positioning [SP] activities are undertaken by British charitable organizations [COs] as part of the wider voluntary sector in the United Kingdom [UK]. This topic is an important one. The first section of the chapter will outline that SP is increasingly advocated for COs as part of their plethora of management and marketing approaches to help them differentiate themselves in an increasingly challenging and competitive external environment. The application of positioning as a strategic management and marketing contrivance by commercial [for-profit] organizations has been well researched. However, little has been researched into whether COs are positioning themselves in their changing environments, and if so, how they are undertaking this.

The introductory section of this chapter will provide an overview of the research context for the investigation, and briefly describes the key issues that had prompted this study. In order to establish a frame of reference for this thesis, the scope of the research is established next, together with the objectives of the study and main research questions to guide its investigation. This is followed by an explanation of the significance and principal contributions of the study. The key terminologies and definitions used in this thesis are clarified. The chapter concludes with an overview of the thesis structure and provides a guide to subsequent chapters.

1.2   Research context and issues for investigation

COs or charities, as part of the wider sector of Voluntary and Non-Profit Organizations [VNPOs], are facing increasingly competitive and challenging operating environments in the new millennium. They are being increasingly propelled into the forefront of public service policy development and delivery (NCVO 2004a; 2005b; 2006a). The

Association of Chief Executives of Voluntary Organizations in the UK [ACEVO] reported in 2005 that many COs were ready to deliver large scale public services with more charities willing to take on this role in the future (SocietyGuardian, July 2005). The impact on COs over the short and medium term future will continue to stem primarily from political-regulatory and socio-economic drivers (NCVO 2003; 2004a).

The evolution of the UK Government's policy of partnership and contracting of public services delivery over the past decade represents one of the key drivers of change for the voluntary sector (NCVO 2003). As part of its agenda to 'modernize' the public services in the UK (Cabinet Office 1999), the Labour government had, since coming into power in 1997, increasingly sought ways to provide public services in partnerships with VNPOs and COs (NCVO 2005b). It will be elaborated in Chapter 3 of this thesis that, this modernization agenda entails the change in relationship between the public and voluntary sectors, and this is particularly evident in the enlarging role that VNPOs/COs could play in delivering public services. Nearly 38% of the total annual income of general[1] charities came from 'statutory sources' [i.e. grants and contract income from government] in 2001-02 compared to 27% a decade earlier. 42% of the top 500 fundraising charities' annual new income in 2001-02 was made up of statutory income (CAF 2004; NCVO 2004b).

A key component of the recent governmental strategic review of charities and the wider voluntary sector (Strategic Unit 2002) were proposals to strengthen the 'Compact'[2] on relations between the public and voluntary sectors in shaping public policy and the delivery of public services (Osborne 2002; Osborne and McLaughlin 2004). McLaughlin (2004) suggests that the recent H M Treasury's 'Cross Cutting Review' (HM Treasury 2002) on the role of the sector in public services delivery establishes a distinctive

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[1] General charities in the UK are defined by NCVO as registered charities but exclude those considered part of the government apparatus, financial institutions considered to be part of the corporate sector, and organizations that deliver only private benefit. [Chapter 3 discusses the charitable context further].

[2] The 'Compact' was launched in 1998 by the Labour Government after extensive consultation with VNPOs in the UK. It provides the formal framework for partnership working between the UK government and VNPOs. The government has undertaken to safeguard the voluntary sector role and independence, while VNPOs agree to operate in a transparent and accountable way, embracing diversity (NCVO 2005). [Chapters 3 and 7 discuss the 'Compact' further].

voluntary sector modernisation agenda - offering an opportunity for COs to rethink their strategic positions within this changing policy context, while at the same time posing a threat to the sector's distinctive competences. The Charity Commission for England and Wales has thus argued recently that the delivery of public services by COs is a key governance and management issue for them (Charity Commission 2005a). However, it is less clear from the extant literature/research whether COs are responding to these new policy developments and if so, how they are responding.

The wider operating environmental influences have also posed major challenges for the management of COs. This researcher has shown elsewhere that COs in the UK perceived greater competition from a growing number of charities, VNPOs other than charities and private sector organizations for resources in the new millennium compared to past decades (Chew 2003; 2005; 2006a). Since 1975, the number of registered charities in England and Wales has risen from 120,000 to over 185,000 by the end of 2004 (Charity Commission 2004a). An average of 7,000 new charities registered each year between 1997 and 2004 (ibid). Several authors have observed that the past decade has seen the emergence of explicit competitive strategies pursued by COs, in particular in the area of fundraising (e.g. Saxton 1996; Abdy and Barclay 2001). Kendall and Knapp (1996, p. 253) describe the changing landscape in the UK voluntary sector as the "new competitive climate". Sargeant (1995) highlights that the growing competition is partly caused by the increasing number of charities entering the sector due to the withdrawal of direct public funding in many activities previously undertaken by the government, such as in healthcare and education, and increasingly in social care.

The operating environment of COs has thus been described by some authors as closely matching the private sector environment: they compete for new/continuing revenue and scare resources; they operate within particular legal and regulatory boundaries; they are influenced by changes in the economic, technological and political environments; and they interact with different groups of stakeholders in the process of providing/delivering their services (Bruce 1998; Sargeant 1999; Keaveney and Kaufmann 2001). Specifically, Saxton's (2003) study into how COs in the UK are managed concludes that the key

success indicators adopted by their Chief Executives closely resemble those of commercial [for-profit] organizations. Moreover, NCVO (2006b) has raised a concern that the voluntary sector is becoming more like the private sector because VNPOs/COs are increasingly generating their income from fees and contracts rather than from voluntary income [donations and grants].

On the other hand, it has been acknowledged that the context in which COs operate has several dissimilarities in comparison with those of commercial [for-profit] organizations, such as primacy of non-profit orientated mission/purpose, tension between mission and needs/interests of stakeholders, nature of the offering, the need for resource attraction and resource allocation, resource dependency and pre-dominance of non-market pressures in managerial decision making (Octon 1983; Lovelock and Weinberg 1989; Bovaird and Rubienska 1996). CAF (2004) reports that COs are maintaining a relatively high level of public support for donated income. However, the public is moving away from supporting individual charities to supporting causes (Maple 2003).

The blurring of boundaries between charitable, voluntary, public and private sectors is likely to continue and further increases competition for resources (NCVO 2005a; 2006a). These developments have continued to put pressure on COs to manage their operations to effectively satisfy both their short-term survival needs and their longer-term strategic positioning (Chew 2005; 2006a). They have also created new challenges for COs in resource attraction, resource allocation and in managing new patterns of relationships with public and private sector organizations (Deakin 2001). Therefore, it is argued that COs would need to work harder to distinguish themselves more clearly in order to retain public support for both the cause and the organization that is promoting/delivering it.

These external pressures have largely persuaded a growing number of COs to embark on 'professionalisation' of management practices, including the use of strategic management and marketing planning (Leat 1995a; Sargeant 1995; Bruce 1998). A number of larger charities have embarked on positioning/re-positioning strategies to

differentiate themselves in more challenging and competitive environments. These approaches are designed to help them address the problems of raising and maintaining funding to compete with other charities, and arguably with organizations in the private and public sectors. NCVO (2004b) suggests that COs that are increasingly involved in public services delivery need to review their strategic positions within the changing political, economic and social landscape. As will be reviewed in Chapter 2, SP is based on the notion of differentiating the CO and its service offerings from those of the competition (Lauffer 1984), and could provide it with the framework for developing appropriate communication strategies to promote their value propositions in some distinctive way to the target audiences (Lovelock and Weinberg 1989; Kotler and Andreasen 1996). COs have been advised to regularly examine their existing strategic positions as compared to other service providers to see how distinctively their target audiences perceive them, and to develop appropriate positioning strategies, in particular to guide their fundraising and communications activities (Sargeant 1999).

Despite the growing recognition of the importance of positioning as a management tool, cases of positioning by British COs were only discussed in the non-profit and charity marketing/strategy literature from the mid 1990s (e.g. Wray 1994; Saxton 1996; Bruce 1998; Kennedy 1998; Maple 2003). Interestingly, the concept of positioning was popularized in private sector marketing during the 1960s and 1970s with pioneers such as Alpert and Gatty (1969), and Trout and Ries (1972), who emphasized the communications role of positioning for commercial [for-profit] organizations.

In the literature review in Chapter 2, it will be shown that the majority of theoretical underpinnings of SP have been derived from the commercial strategy/marketing literature. A more prominent issue is the scant literature on SP as it applies to COs, and the current lack of empirical research about how these organizations have responded in terms of their SP to the changing political, economic, social and competitive landscape. Moreover, reported cases of positioning were focused on a few larger charities and were arguably largely anecdotal or post-hoc descriptions. Therefore, there is a lack of

adequate theoretical and conceptual models that can accommodate the diverse VNPOs and guide strategic management practice in COs.

It is these anticipations that have motivated this researcher to embark on the present study. It investigates whether or not COs in the UK are undertaking SP activities, and if so, to what extent the existing literature/theories on this concept are applicable to the charitable context. The next section establishes the scope of this study and outlines the main research aim and questions.

1.3   Scope of study

This section aims to establish three important parameters for the study. These are explained below.

First, this research is focused on British COs as part of the wider sector of VNPOs in the UK. COs or charities in this study mean VNPOs that meet the strict conditions required for charity registration as defined by the Charity Commission[3] for England and Wales. The Charitable Uses Act 1601, which was later updated by the law courts (1891) and refined in the Charities Act 1960, provides an illustrative list to define charitable purposes under four broad categories:

- Relief of poverty [for the aged, impoverished or poor].
- Advancement of education.
- Advancement of religion.
- Other purposes beneficial to the community.

In addition, the current charity law stipulates that all charities must exist for the 'public benefit'. This means that they serve either the community as a whole or a sufficient section of it. The test for public benefit, however, lies with either case law or the Charity

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[3] The Charity Commission is the regulator and registrar of charities in England and Wales. [Chapter 3 reviews the role of the Charity Commission within the UK charitable sector further].

Commission, which has the legal authority to ensure that COs have a proper framework to operate within the requirements of the laws. The conceptualization of the charitable sector and charitable activities in the UK will be reviewed in Chapter 3.

Second, VNPOs are referred to in this thesis to denote the wide range of voluntary organizations, including COs, that operate in the voluntary sector in the UK. The term VNPO draws insights on the definitional work of Salamon and Anheier (1992a), and the concept of voluntarism described by Bourdillon (1945). Osborne (1996a,b; 1997; 1998) suggests that the continued use of the voluntary concept in the definition of VNPOs sustains the link between organizations in the non-profit sector and their underlying conceptual principle of voluntarism. Voluntarism is a concept that views the ability of VNPOs to be freely formed in a diverse society, thus allowing a voice for the minority and disadvantaged sectors of society (Brenton 1985, cited in Osborne 1997, p. 13).

This thesis adopts the five organizational characteristics of VNPOs (Osborne 1998, p. 16):

- Formally structured organizations;
- Independent and separate from government (although they could receive governmental support for their activities);
- Self governing and are able to control their own activities;
- Non-profit distributing to their owners or directors;
- Hold some meaningful voluntary value, such as voluntary income, volunteer labour or voluntary management.

The definition of VNPOs above is broad enough to include a wide range of truly voluntary organizations, such as COs or charities, whilst excluding those organizations that do not derive income from voluntarism. Therefore, the use of the two terms is appropriate for the purpose of this thesis, which encompasses the characteristics of British COs as part of the UK voluntary sector in general. However, whilst adopting the above definitions of COs and VNPOs for this study, it is acknowledged that the extant literature reveals no single view of the definition of the voluntary sector (Lane et al.

1994; Kendall and Knapp 1995, 1996; Courtney 2002), the types of organizations that should constitute the charity sector (e.g. registered charities, general charities, non-registered charities, non-registered voluntary action or community groups, quangos, and large government institutions) or how charities should be classified in the UK voluntary sector (Mintel 2001; NCVO 1996).

Third, this research is concerned about the SP of COs at the organizational level. SP is defined in this study as a complex management decision process to identify the strategic position of the organization, and to develop a positioning strategy to effectively differentiate it from other providers. Positioning at the organization level is distinct from, but provides direction for positioning at the other [operational] levels (Hooley et al 1998b; Fill 2002). The literature review in Chapter 2 will show that contemporary strategy/marketing literature provides a variety of definitions and applications for the concepts of positioning and positioning strategy as they relate to both commercial (for-profit) and non-profit organizations. However, there remains no single universally accepted definition for these concepts (Kalafatis et al. 2000; Attia 2003).

The process of SP helps to create the strategic position of the organization and its offerings in the marketplace (Kotler 1994). The organization's strategic position from the organization's perspective explicitly or implicitly identifies the key direction for its core positioning [its distinctiveness]. The strategic position also provides guidance to develop the positioning dimensions [key strengths and core competences] to differentiate the organization from other providers. It embodies the 'strategic intent' or overriding ambition of the organization to reach its desired position (Hamel and Prahalad 1989, p. 64). Strategic intent for positioning by commercial [for-profit] organizations is often viewed in the extant literature as focusing on competitive goals, in particular, striving for a leadership position by winning over rival providers. However, there is currently a lack of research into understanding the strategic intent for positioning in organizations other than for-profit ones. This thesis presents an arguably first attempt at describing the SP activities of COs and to understand their motives for undertaking them.

Furthermore, this thesis investigates the SP of COs from their perspective. The literature review in Chapter 2 will reveal that there are at least two views of the organization's strategic position – the organization's and that of the external target audience (Attia 2003). Much of the existing, albeit little, empirical research on positioning in the charitable context emphasises the perception of external audiences, in particular providers of funds such as donors, on the CO's market position (e.g. Hibbert 1995). Andreasen et al. (2005) suggest that all too often VNPOs in general neglect to monitor whether the target audiences' perceptions of the organization's position are the same as its perception. Whilst both views of the organization's position are important, this thesis argues that the organization's perspective of its strategic position is fundamental to shaping the external audience's perspective of its distinctiveness compared to other providers. This thesis will provide and discuss empirical evidence in Chapters 6 and 7 respectively of the experiences of COs in this study.

1.4   Research aim and main research questions

Building upon the research context and scope of the research established above, the main aim of this study is to investigate the extent to which contemporary theoretical perspectives and interpretations of SP found in the extant literature are applicable to the charitable context.

However, because of the lack of existing research and scant literature on various aspects of SP as it applies to COs, this study in the first instance, vitally uncovers the range of positioning activities that charities are undertaking, and then identifies the various factors that influence the choice of positioning strategy from the experiences of different COs. Whilst there are now many textbooks and conceptual articles on strategic management and marketing for VNPOs and COs in general, empirical research into these areas has remained sparse and has focused on tactical issues such as fund raising, promotion and communications in charity management (Balabanis et al. 1997). Specifically, research into SP in charities has been largely ignored.

Notable exceptions include Hibbert's (1995) empirical study on the market positioning of British medical charities, and Hibbert and Horne's (1996) conceptual discussion, which questions the conventional donor decision process in charitable giving. Hibbert's study (1995) reveals that charities often lack clearly defined positions in the market, thereby making it hard for them to differentiate their positioning message from other charities. Hibbert and Horne (1996) suggest that many UK COs experience low awareness levels from external audiences. Their main concern is that the relevant target audiences recognise the cause but not the specific CO offering the particular service. These few studies highlight the critical need for COs to invest in strategic issues such as image/awareness building, positioning and branding aimed at different target audiences (Bennett 2003; Hankinson 2002).

Horne and Laing (2002) elucidate that there has been a tendency for the emerging body of research on COs to be introverted and operationally focused. While this is changing, there are increasing calls from scholars to involve more 'qualitative' methods (Balabanis et al. 1997; Hibbert 1995) to explore and develop appropriate theories/frameworks that appreciate the complexities of the context of COs and are more able to explain the particular nature of strategic activities undertaken by them (Octon 1983; Drucker 1990; Liao et al. 2001). Furthermore, Rees (1998) argues that not only is there a need for more qualitative and quantitative research into the applicability and appropriateness of for-profit management and marketing concepts in VNPOs, but also to explain the differences and similarities between the organizations in the sector itself.

Therefore, in order to achieve the aim of this study, two main research questions are identified to guide the choice of research methodology for data collection and analysis. Chapter 4 expands and explains the research questions in more detail.

Research Question 1: To what extent are British charitable organizations undertaking strategic positioning [SP] activities?

On answering this first question, a descriptive mapping of the SP activities of COs is produced. Furthermore, two 'new' survey scales to measure the extent of positioning strategy activities and strategic marketing planning activities in the charitable context are developed.

Research Question 2: What are the key factors that influence the choice of positioning strategy [PS] in British COs?

On answering the second question, an initial organizing conceptual framework of the factors that could influence the PS of COs is drawn up from the conceptualization stage of this research. This framework is later refined into a theoretical model using empirical evidence gained from the exploratory survey and case studies stages in this thesis. The resultant model integrates the multi-dimensional factors and explains them in the context of COs.

1.5 Significance of the study

This present study investigates the SP of COs. This is important because of three main reasons:

- **Contributions of COs** – British COs represent a significant part of the wider sector of VNPOs in the UK, which is estimated to be between 500,000 and 700,000 in number of organizations (Strategic Unit 2002). More importantly, they play an active role in shaping the socio-political dimension throughout the country's history, and contribute to the country's economic well-being in terms of employment, service provision, investments and campaigning of funds (Kendall and Knapp 1996). The number of registered COs were estimated at over 185,000 with a combined income of nearly £35 billion in 2004 (Charity Commission 2004a). The 500 largest British COs attracted

over 45% of total annual income of all registered charities. The charitable sector is also an increasingly significant employer. In addition to the involvement of over three million volunteers, charities employ more than half a million full time workers, representing 2.2% of the total UK workforce (NCVO 2002a). Changes in the policy context and governmental initiatives in the delivery of public services over the past decade have augmented the contributions of COs further. These contextual developments will be discussed further in Chapter 3.

- **Heterogeneity** – COs are a diverse component of VNPOs in Britain. Their organizational purposes range from mutual support and self-help groups to service providers and advocacy/campaigning groups (Handy 1990). They also operate in a range of service sectors. The Charities Aid Foundation (CAF 2003) categorizes the top 500 fundraising charities under nine main types of service sub-sectors. Each main sub-sector has its unique industry dynamics, which could impact on the charity's choice of PSs in interesting ways. This research intends to describe and explain such influences.

- **Relevance** - The study of SP as a management tool is relevant to British COs that are operating in environments which are arguably more dynamic, competitive and uncertain compared to those in past decades. Charities have reported that generating and maintaining revenues from various sources in pursuance of their mission are among their key organizational priorities in the near term (CAF/NCVO 2003). This research therefore not only contributes to enhancing academic knowledge but also in providing charity managers insights into the role of positioning in strategy planning/development and lessons learned from experiences of COs in this study. The research findings in this study would also signal to funders and other key stakeholders, who provide relevant resources to COs, the important roles they could play in influencing the positioning choices of charities.

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1.6   Principal contributions of thesis

This study reopens a noted paucity of empirical research on how COs have strategically positioned themselves in a changing external operating environment and policy context. The principal contributions of this thesis include both theoretical and managerial ones, which are explained below.

1.   **Fill a research gap in positioning studies in non-profit organizations in general, and in charitable organizations in particular** - *Answer the call from scholars for more empirical research in PSs in different environmental and organizational context.*

Whilst it can be generally acknowledged that the strategy planning and development process in the fields of strategic management and marketing management has been well researched, the topic of SP in COs has been largely ignored. This appears at odds with the plethora of textbooks and conceptual literature in both the strategic management and marketing disciplines where SP and PSs are often mentioned as integral parts of the strategy development process (Hudson 2002; Andreasen and Kotler 2003; Johnson et al. 2006).

As proposed by Hooley et al. (2001), competitive positioning, in particular, the various differentiating dimensions used by organizations to position themselves have not been empirically researched and warrant more detailed study, in particular in different environmental and organizational contexts. Hibbert's (1995) study in the market positioning of British medical charities proposes that positioning can be usefully applied to charities whose offerings provide largely intangible benefits. Her research, however, looks only at the perception of donors on the positioning of medical charities in the marketplace. Therefore, there is at present a research gap in positioning and its link with the strategic planning and development process in VNPOs/COs. This research aims to fill a small part of this research gap.

2. **Contribute to academic knowledge and theory building** - *Develop a theoretical model that is shaped from insights gain through alternative theoretical perspectives/lenses and empirical findings from this research, and which can more appropriately explain the factors that influence the choice of PS in British COs.*

One of the key research outputs of this study is a theoretical model that integrates three alternative perspectives [competitive industry forces/market orientation perspective, resource-based perspective and stakeholder/resource dependence perspective] to explain the possible influences on the choice of PS in the charitable context. The lack of non-profit marketing/management theories on SP in COs has necessitated this researcher to review models, theories and literature that were developed for commercial organizations in order to initially draw insights from and adapts them for the charitable context in this study (McLeish 1995). The theoretical model and its constituents are the result of refinements from the empirical evidence gathered from the experiences of COs in this research.

At the same time, this study has adopted alternative perspectives/theoretical lenses to examine and understand the possible factors that could influence the choice of PS in COs. The use of alternative disciplinary lenses that are both explanatory and normative has been advocated by several scholars for theory building in complex organizational contexts (e.g. Thomas and McGee 1986; Johnson et al. 2006). The literature review in Chapter 2 will show the concept of positioning straddles at least two disciplines, that is, strategic management and marketing in both the mainstream and the non-profit management literature. Hence, the use of multi-dimensional perspectives or lenses is relevant to the advancement of knowledge and theory building in this research.

Additionally, and as demonstrated in Chapter 4, for the first time this study develops two 'new' survey scales to measure the extent of positioning strategy and strategic marketing planning activities at the exploratory postal survey stage of the study. These 'new' scales are necessary because of the lack of existing measures for these activities in

the charitable context. This thesis provides a methodological contribution to research besides theoretical and practical ones.

3. **Contribute to managerial decision-making** - *Contribute to better informed decision-making in strategic planning and development in VNPOs/COs, in particular, in PS development by managers responsible for this activity in their organizations*

The scant literature on PSs in the non-profit/charity context reflects, in part, the lack of understanding of the strategic relevance of positioning in strategy development. This research aims to provide greater insight and understanding to managers of COs about the role of positioning in strategy development, and the various influencing forces that could impact their strategic choices. Moreover, this study provides empirical evidence to explain the significance of these factors. The research findings would similarly provide insights to charity managers on the potential importance of SP in guiding operational strategies such as communications, fund raising and product/service development. Lessons drawn from the experiences of COs in this study would also provide funders and other key stakeholders who provide resource support to COs with insights into the important roles they play in influencing the PSs that charities adopt.

4. **Contribute to development of learning communities** - *Share knowledge gained and communicate research findings during the PhD study to wider audiences*

One of the researcher's personal goals whilst undertaking this PhD study was to share research findings and knowledge gained from this study to different audiences. Two main objectives are intended. First, to contribute to the development of learning communities in the area of management of VNPOs in general, and COs in particular. Second, to validate this study's empirical findings and conceptual arguments by

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communicating these through published papers and conference presentations to audiences in academic peers and charity practitioners during the past four years whilst completing this doctoral degree. Two journal articles and three research working papers written by this researcher have been published between December 2003 and October 2006 [Appendix 10 provides copies of these articles]. In addition, two other papers, which this researcher is lead author, is being reviewed in the *British Journal of Management* [July 2006] and *Strategic Management Journal* [November 2006] at the time of submitting this thesis. These articles were made available to practitioners and researchers in COs/VNPOs through this researcher's membership in the NCVO's Third Sector Foresight Network. Six refereed conference papers have also been presented by this researcher at various national and international research conferences during this period.

1.7 Key terminologies used in thesis

The terminologies used for this purpose of this study are to facilitate understanding and generate insights into the topic being investigated. However, it is acknowledged that different terms serve different purposes. Not all are useful or appropriate for this study's research context . This perspective is shared by Anheier (2005) who argues that:

> *"Behind the many terms are, of course, different purposes. Definitions are neither true nor false, and they are ultimately judged by their usefulness in describing a part of reality of interest to us. Specifically, a definition must be simpler than the reality it seeks to describe." (ibid, p. 39).*

In addition to the definitions for the terms COs and VNPOs established earlier in this chapter, this thesis will adopt the following terms to denote the various entities in the study [4].

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[4] Chapter 4 of this thesis explains a few other terms that have been utilised in the research methodology of this study.

- *Non-profit organizations* are generally referred to in this thesis as organizations that exist primarily for a social purpose or cause. They include a wider range of organizations such as registered COs, non-registered COs, VNPOs other than charities that exist for private benefit and are non-commercial, and quasi non-governmental organizations [quangos] (NCVO 2002a). Sargeant (1999) defines a non-profit organization as:

  "One that exists to provide for the general betterment of society, through the marshalling of appropriate resources and/or the provision of physical goods and services ... not exist to provide for personal profit or gain and does not, as a result, distribute profits or surpluses to shareholders or other members, ... may, however, employ staff and engage in revenue-generating activities designed to assist it in fulfilling its mission." (ibid, p. 4)

- *Voluntary sector* comprises of all VNPOs including registered and non-registered COs operating in the UK that primarily exist to achieve social purposes rather than seek economic gains (Hudson 2002). They demonstrate the five organizational characteristics of VNPOs as established in sub-section 1.2 above. This group of organizations may be referred to by different terms in different national contexts, such as private not-for-profit sector, third sector, independent sector or économie sociale (Hudson 2002; Anheier 2005).

- *Public sector* in the UK comprises of organizations and agencies that are part of the government apparatus. These organizations/entities include central government, local authorities, health authorities, and various other governmental agencies the administer/fund public policy and public service delivery (Hudson 2002).

- *Private sector* comprises of commercial [for-profit] organizations that neither operate in voluntary sector nor the public sector. Arguably, their primary purpose for existence is to generate economic gains [and profits] through

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their various activities. They include private companies, partnerships and sole traders (Hudson 2002).

- ***Commercial [for-profit] organizations*** operate in the private sector. They are distinct from non-profit or public sector organizations because of differences in ownership [individual versus collective] and purpose [profit versus social] for their existence (Bovaird and Löffler 2003).

- ***Public services*** are defined in this study as services that are provided to benefit everyone living in a society but are not necessarily delivered or in some cases funded by government and the public sector. Theoretically, these services are distinct from private sector services because they produce 'externalities' (Flynn 2002, p. 13). In other words the benefits accrue to people other than those who benefit directly, such as education and health services.

However, whilst theoretically people should pay for these services collectively rather than individually since everyone benefits, there are mixed arguments as to who should own the facilities that deliver public services and how these services should be funded. The traditional argument is that government and the public sector should provide all public services where the private sector fails to do so (Flynn 2002). This argument is unconvincing as, for instance in the case of UK public services, many COs have provided services that were for 'public benefit' long before statutory provision began (Blackmore et al. 2005; Charity Commission 2005a). The blurring of boundaries between voluntary, public and private sectors in delivering public services in the UK, in particular through contracts from central and local governments, has exacerbated this argument further. This will be discussed further in Chapter 3.

- **Volunteer** is defined in this study as a person who gives time and skills to provide services to other people or to the wider community (NCVO 2004a). These services/efforts are part of an organised volunteering activity. This conceptualization is synonymous to Darvill and Mundy's (1984) definition of a volunteer, as a person:

  "who voluntarily provide an unpaid direct service for one or more other persons to whom the volunteer is not related. The volunteer normally provides his or her service through some kind of formal scheme rather than through an informal neighbouring arrangement." (ibid, p. 3).

Whilst adopting the above definition, this study acknowledges the presence of informal volunteering, which is frequently presented in the form of the family or of neighbours (Osborne 1998, p. 10). VNPOs and COs in the UK are, in general, dependent on the services of formal volunteers in varying degrees. Volunteers are formally involved in a wide range of activities, such as fundraising, organising events, helping to run an activity, delivering services, and as members of the Board of Trustees or management committee of charities (NCVO 2004a). Trustees and management committee members constitute a special category of volunteers in charities. The 'unpaid' contribution of organised volunteers and trustees is a defining characteristic of the voluntary sector (NCVO 2002a). There were an estimated three million formal volunteers and 750,000 trustees in registered charities contributing to a monetary value of about £15.4 million in 2000 in the UK (ibid, p.79).

1.8 Structure of thesis and guide to subsequent chapters

This thesis has eight chapters. Figure 1.1 presents the structure of the thesis and the planned research outputs and major contributions of this study. This present chapter, namely Chapter 1, introduces the thesis. Its contents have already been discussed above.

Chapter 2   Reviews the existing literature on the concept of positioning from both contemporary strategic management and marketing literature, and those

that have been adopted for non-profit organizations in general, and COs in particular. The literature review is part of the first stage of a three-stage methodology utilized in this study, namely, the conceptualisation stage. It discusses topics relating to SP at the organizational level, the process of developing a PS and the role of positioning suggested in the literature. Three theoretical perspectives are reviewed in terms of their orientation, key focus and potential influence on PS decisions in COs. This review leads to an initial organizing conceptual framework that identifies the components of a PS and the key factors that could influence this in the context of COs. These constituents will be compared with the resultant theoretical model of influencing factors that will have been shaped from the empirical findings in the second and third stages of the study. The model and its constituents will be discussed in Chapter 7.

Chapter 3   Conceptualises charitable activity and introduces the evolving policy context and other external environmental conditions VNPOs and COs in the UK operate within. It reviews the VNPO/charity management literature to identify drivers for the adoption of strategic management and marketing approaches by COs, and the relevance of SP in COs. The aim is to provide an understanding of the context COs operate in. This leads to an appreciation of their unique organizational and environmental contexts that do not appear to be adequately accommodated by the extant literature/theories on positioning.

Chapter 4   Presents and explains the rationale for the research design and a three-stage methodology utilized for this study. A predominately inductive research strategy, which includes an element of deduction, is adopted. The three stages comprise of [1] a conceptualisation stage (literature review and exploratory discussions), [2] an exploratory postal survey stage and, [3] a multiple cross-sectional case studies stage. A mixed methodology of data collection and analysis is used to adequately address

the research objectives and answer the main/subsidiary research questions established for this study.

Chapter 5   Presents the empirical findings from the exploratory postal survey stage. The main objective is to explore and describe the SP activities in a sample of General Welfare and Social Care [GWSC] sub-sector charities and answer the research questions established for this stage of the study. The findings from this stage produce an initial mapping of the SP activities of COs, which is a key contribution of this thesis. The survey utilizes a self-administered postal questionnaire to collect primary data for analysis. Because of the lack of existing scales to measure the extent of strategic positioning in the context of COs, two 'new' scales are developed specifically to measure the extent of PS and strategic marketing planning [SMP] activities in the sample. In regards to this, these scales contribute to development of methodology in positioning research, in particular in the context of organizations other than commercial [for-profit] ones. Emerging themes arising from the survey's findings provide guidance for in-depth investigation at the third stage of this study, namely, the cross sectional case studies stage.

Chapter 6   Presents the empirical evidence from the cross-sectional case studies stage. The main objective is to investigate in further depth the SP activities of COs along three broad themes. Four case studies are explored to answer the research questions established for this stage of the study. The three themes are evaluated from both the intra-case and cross-case analyses in order to describe and explain the process of SP, the components of their PSs, and the key factors that influence the choice of PS in these organizations.

Chapter 7   Draws together the key findings derived from the postal survey stage reported in Chapter 5, and from the case studies stage reported in Chapter

6, and discusses these in relation to the existing literature and theories reviewed in Chapters 2 and 3. It synthesizes the findings in order to answer the two main research questions of this study. Crucially, it unveils and explains a theoretical model that has been shaped from the empirical findings from this research. The model integrates the multi-dimensional factors that influence PS in the charitable context. This is one of the key contributions of the thesis towards positioning theory and charity management practice.

Chapter 8   Concludes this thesis. It summarises the whole research and highlights the major implications of the research findings discussed in Chapter 7 for theory and practice. Finally, it reflects on the study's limitations and offers suggestions for future research.

Figure 1.1: Structure of This Thesis

Rationale	Chapter Contents	Research Outputs & Contributions
Conceptualisation Research context, objectives & questions and principal contributions Concept of strategic positioning and relevance for COs	**Chapter 1** – Introduces the research context and issues for investigation. **Chapter 2** – Review literature on the concept of Strategic Positioning. **Chapter 3** – Describes charitable activities, evolving policy context and external environmental developments of COs within the wider sector of VNPOs.	**Initial organising framework depicting PS components and influencing factors**
Empirical Data Collection & Analysis Mixed methodology for data collection and analysis	**Chapter 4** – Describes and justifies the research strategy and methodology adopted for the study. **Chapter 5** – Reports the findings from the exploratory postal survey stage to answer research questions **Chapter 6** – Reports the findings from the cross-sectional case studies stage to answer research questions	**Scales to measure the extent of PS and SMP activities in COs** **Mapping of strategic positioning activities of COs**
Explanation of key findings, establish major conclusions and reaffirm key contributions	**Chapter 7** – Integrates the key findings from the survey and case studies and discusses them in relation with the existing literature/theories **Chapter 8** – Offers implications of findings for theory and practice, limitations and future research	**Theoretical Model of factors influencing PS in COs** **Theoretical, Research & Managerial Implications**

Chapter 2: Literature Review on Strategic Positioning

2.1 Introduction

The aim of this chapter is to provide an overview of the topic of SP and to critically review the related literature on this topic from both contemporary management/marketing literature and those that have been adopted for non-profit organizations in general, and COs in particular. The intent is to identify gaps in the extant literature/research in relation to SP in COs, and to locate this study within the wider management literature. This literature review is part of the first stage of a three-stage methodology utilized in the present study, namely, the conceptualisation stage. It is based, in part, on an article written by this researcher and published in *Local Governance* (Chew 2003) and which was awarded best paper at the Aston Business School's Joint Doctoral Colloquium, in June 2004 [Appendix 10 provides a copy of the journal article].

The chapter begins with an overview of the origins of positioning. The aim is to appreciate its historical role in the management of organizations and how this has progressed from consumer product marketing to its contemporary role in strategy development today. This is followed by an attempt to conceptualise SP at the organizational level, which is distinct from positioning for products and brands, and to differentiate it from the other key concepts of strategic position and PS adopted for this study. The process of developing PS is also reviewed from the perspectives of two schools of thought, namely, the marketing perspective and the strategic management perspective. Three other theoretical perspectives on SP are discussed next in terms of their orientation, key focus and potential influence on PS decisions in COs. This review leads to an initial organizing conceptual framework that identifies the components of PS and proposes the key influencing factors on PS in the context of COs. The chapter concludes with a summary of the main points derived from the literature review.

2.2　The origins and evolving roles of positioning

The evolving roles of positioning in the organization can be traced from the literature back to different phases in the development of marketing and strategic management, in particular, in the developed markets of US, UK and Western Europe. However, most of the theoretical underpinnings of positioning found in the literature have been derived from the context of commercial [for-profit] organizations, which this section will draw upon to provide the necessary background for our understanding of the concept of positioning and its role in the strategic planning and development process.

Although positioning has been widely discussed and used in commercial [non-profit] marketing and strategy formulation today, there remains no single universally accepted definition of the concept (Blankson and Kalafatis 1999; Kalafatis et al. 2000). Moreover, the concept of positioning has been defined in a number of ways in the literature (Maggard 1986; Aaker 1989; Arnott 1992; Attia 2003). Of particular interest is the term 'positioning', which is often used generically to denote other seemingly similar, but arguably disparate concepts, such as, 'strategic positioning' and 'position' (Blankson 1999; Chew 2003), and different levels of positioning within the organization (Chew 2006a PMR). These definitions will be reviewed more comprehensively in section 2.3 below.

The concept of positioning has its roots in private sector marketing and can be traced back to the *1960s.* This post-war era saw the explosive growth in demand for consumer products. During this period, positioning was popularized in consumer product marketing by pioneers such as Alpert and Gatty (1969). They identified positioning as the differentiation of brands according to consumers perceptions. They studied differences in consumer perception of various brands when the organization's products were positioned differently, using technology as the differentiating dimension over similar products in the marketplace. The focus of positioning at that time was therefore focused on the consumer perspective of the organization's product positioning relative to similar offerings in the marketplace.

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Throughout the *1970s and early 1980s* several authors popularized positioning by linking it to advertising, communication and image promotional strategies as part of the organization's effort to differentiate its offerings in increasingly competitive market environments (e.g. Smith and Lusch 1976; Browns and Sims 1976; Engels 1980; Aaker and Myers 1982). Some authors remained focused on the consumer perspective of the organization's position such as Trout and Ries (1972) and Ries and Trout (1986), who argued that "positioning is something that you do with the consumer's mind" (ibid, p.2), with little conscious efforts on the part of the organization to create or modify its offerings. These authors emphasized the creative use of marketing techniques such as advertising to promote the organization's offerings to external audiences.

However, there was increasing interest among other researchers on the managerial aspects of positioning, in particular, how to develop strategy to strengthen the organization's position in competitive markets. For instance, Cravens (1975) identified positioning as a means to select an appropriate marketing strategy, while Brown and Sims (1976) established the importance of competitor analysis and identifying needs of target consumers as part of the positioning process. Kotler (1980) is one of the earliest scholars to link positioning for products to the wider strategic marketing planning process. His (ibid) strategic planning model indicates the central role that marketing planning plays in the corporate planning process, and how organization-wide goals are achieved through the implementation of specific marketing activities. In summary, the marketing perspective of positioning, which emphasized the product and the consumer, dominated positioning theory and research during this period.

The *1980s and 1990s* saw the development of positioning theory and research being increasingly focused on improving the competitive advantage and performance of commercial [for-profit] organizations as part of their strategy development process. Hofer and Schendel (1978, p. 25) defined competitive advantage for commercial [for-profit] organizations as "the unique position an organization develops vis-à-vis its competitors." Porter (1980; 1985) is one of the earliest scholars who argued for the creation of competitive advantage in PS in order to differentiate the organization from competitors in

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various industries/sectors. His 'generic' PSs are based on creating particular competitive advantages in response to different industry influences. The Porterian perspective on SP will be reviewed in more detail in section 2.4 below. Other scholars (e.g. Crawford 1985; Doyle and Saunders 1985) continued the marketing tradition of defining positioning by determining the ways in which products were differentiated in order to identify its key role in developing a competitive marketing strategy.

From the *mid 1990s and into the new millennium* two further strands in positioning theory and research emerged, namely, the Resource-Based View [RBV] within the strategic management perspective, and positioning for services (e.g. Lovelock et al. 1996; Zineldin 1996; Zeithaml and Bitner 1996; Kalafatis et al. 2000; Zineldin and Bredenlow 2001). The RBV argues that competitive advantage is created within the organization as opposed to being located in the external environment/industry. It focuses on organizational resources as potential sources of competitive advantage and de-emphasises the role of external industry influences on the organization's position (e.g. Barney 1991; Grant 1991; Amit and Schoemaker 1993). The RBV perspective on SP will be reviewed in more detail in section 2.4 below.

The emergence of the RBV perspective on positioning arose at a time when there a strong interest in the process of strategic planning and development in organizations was already apparent. However, there were conflicting orientations of positioning among scholars who shared this perspective. For instance, Mintzberg (1987; 1995) defined strategy as a position. Therefore, he saw it as a means of locating an organization within its operating environment (1987 ibid, p.17). This external orientation reinforced the view shared earlier by Hofer and Schendel (1978, p.4) who suggested that strategy, as a position, becomes the "match between the organization and its environment." On the other hand, Thompson (1967) argued that the strategic position of the organization is a place in the product-market domain/environment where resources are concentrated, thus reflecting the RBV perspective.

During this period, the marketing perspective of positioning also took on a more 'integrative' stance on the sources of competitive advantage in commercial [for-profit] organizations. Several scholars (e.g. Hooley et al. 1998a, b; 2001; Juga 1999; Chang and Singh 2000) acknowledged that an integrative approach that incorporates both external environmental influences and internal organizational capabilities in developing PS is needed.

An interest in studying positioning in service organizations emerged, including in non-profit organizations that deal essentially with intangible offerings [service and ideas] (Bruce 1998). There was also general agreement among scholars that positioning for services is more complex and, in some cases, often more difficult to implement than physical products (Blankson and Kalafatis 2001). This argument is based on consensus that services have distinctive characteristics that make them fundamentally different from physical goods (Dibb and Simkin 1993; Devlin et al. 1995; Zeithaml and Bitner 1996; Bitner 1997). Positioning for services would require the development of unique organizational capabilities, such as human resources (Skaggs and Youndt 2004), and therefore affect the type of PS that service organizations should adopt (Ellis and Mosher 1993; Blankson and Kalafatis 1999). Devlis et al. (1995) suggest that the presence of distinctive characteristics of services has implications for the process of positioning. Of particular interest is the importance of developing trust, reliability and personalized interaction with service users as differentiating dimensions in the PS (ibid).

In the non-profit marketing literature, Lauffer (1984) and Lovelock and Weinberg (1989) were among the earliest, albeit few, scholars to advocate strategic marketing planning [SMP] and positioning for non-profit organizations. It was only until the mid 1990s that cases of positioning by COs, in particular larger charities in the UK, had begun to be discussed in the charity marketing/strategy literature (e.g. Wray 1994; Saxton 1996; Bruce 1998; Maple 2003). The majority of these authors supported the usefulness of positioning in COs, especially with helping them differentiate their cause/offerings in an increasingly challenging external environment. The operating environment of COs will be reviewed in Chapter 3.

As it will also be discussed in Chapter 3, there is general agreement among scholars that significant dissimilarities exist between the organizational characteristics of COs and commercial [for-profit] organizations. These dissimilarities coupled with the service-orientation of COs would arguably have implications on managing these organizations.

However, much of the literature on positioning in VNPOs and COs tend to describe this concept in similar ways to the contemporary marketing/strategy literature (e.g. Lovelock and Weinberg 1989; Sargeant 1999; Kotler and Andreasen 1996; Andreasen and Kotler 2003). This has prompted a growing number of non-profit management scholars to acknowledge the need for adaptation in the type of PSs for VNPOs and COs. For instance, Frumkin and Kim (2001) argued that positioning around the non-profit mission is a distinctive way for VNPOs to differentiate themselves in the competitive marketplace, and is a more effective way of attracting donations from the public compared to positioning based on efficiency or lower cost/price. Wray (1994) and Saxton (1996) suggested a variety of alternative PSs that British COs could adopt to differentiate themselves in an increasingly competitive fundraising environment.

In the new millennium, positioning continues to be widely promoted in the marketing and strategic management literature, both at the organizational level (e.g. Hooley et al. 2001, 2004; Johnson et al. 2006) and at the product/service and brand levels (e.g. McCarthy and Norris 1996; Bhat and Reddy 1998; Kotler 2000; Blankson and Kalafatis 2001).

In summary, the original role of positioning as an advertising and promotional technique has evolved since the 1960s to become a fundamental element of the corporate/marketing strategy development process. Despite this trend, there remains little literature and empirical research on positioning in VNPOs in general, and COs in particular. Moreover, the reported cases of positioning in COs have been largely anecdotal or post-hoc descriptions. Notable exceptions include Hibbert (1995) who studied the market positions of British medical charities, as defined by external audiences and Kennedy (1998) who explored the effects of positioning on the corporate strategy in a large British charity. Both researchers concluded that COs lacked distinctive positions, making it difficult for

them to clearly differentiate their organization from the other charities providing similar services or who operated in the same sub-sector. The next section builds on the above overview of positioning by reviewing selective definitions and establishing the focus for strategic positioning in this study.

2.3   Conceptualising strategic positioning, strategic position and positioning strategy

As highlighted in the preceding section there is no commonly accepted definition of the concept of positioning for commercial [for-profit] organizations or non-profit ones. A review of contemporary strategy and marketing literature suggests that there is a general confusion among researchers about the use of the term 'positioning'. Kalafatis et al. (2000) argue that several terms used by authors, such as positioning (Kotler 1999), product positioning (Harrison 1987), market positioning (Greenley 1989) and competitive positioning (Hooley et al. 1998a, b) have apparent definitional differences but are substantially superficial. In other words, several authors are referring to the same concept using various terminologies. An added confusion is that positioning has also been used interchangeably with the term 'position' (e.g. Smith and Lusch 1976) and 'positioning strategy' (e.g. Lovelock and Weinberg 1989).

Crucially, literature has showed there has been very little attempts made to distinguish between different level of positioning, namely, at the organizational and at the product/brand levels, and to also identify the relationship between strategic positioning, strategic position and positioning strategy. This section aims to provide a clearer conceptualisation of these terms to be adopted for this study.

Strategic positioning

The term 'positioning' is often used interchangeably in contemporary strategy/marketing literature to mean 'strategic positioning' because of the perceived role it plays in strategy

development. Zineldin and Bredenlow (2001) define SP for commercial [for-profit] organizations as:

"A process of defining and maintaining a distinctive place in the marketplace for an organization and/or its product offerings so that the target market/prospect understands and appreciates what the organization stands for in relation to its competitors." (ibid, p. 484)

Porter (1996, p. 62) suggests that SP means "performing different activities from rivals or performing similar activities in different ways." The main goal of SP for these organizations is arguably to create some form of differential advantage that would be valued by their target consumers in a competitive environment (Hooley 2001). On the other hand, Kalafatis et al. (2000) suggest that positioning is at the heart of corporate strategy and not of sales tactics. It requires managers to take deliberate and proactive actions to identify and develop the organization's competitive position based on its operational and experiential dimensions, rather than promotional efforts. They argue that the marketing perspective of positioning that is focused primarily at the consumer's perceptions of the organization or its offerings, does not provide sufficient guidance on the choice of PS available to the organization.

The literature review in the preceding section 2.2 suggests that there are at least two levels of positioning in the organization, namely, at the organizational level and the product/brand level (Hooley et al. 1998a). Webster (1992) adds a third dimension to positioning, namely, positioning at the operational [or tactical] level. These authors, however, were in agreement that SP at the organizational level is a long-term process of developing the organization's overall competitive advantage in the marketplace. The role of SP at this level is to identify the organization's place in its environment, which depends on its mission and distinctive/core competences (Prahalad and Hamel 1990). Hooley (2001) argues that this role requires managers to make strategic decisions, such as, the choice of the target users/consumers, and the differential advantage to develop in their PSs. Webster (1992) suggests that the role of marketing at the organizational level of SP

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is to communicate the strategic position of the organization internally and to its external audiences.

On the other hand, positioning at the product/brand and operational levels involve identifying how the organization's particular offerings are perceived by users/consumers relative to other competing products/brands. The organizational level positioning necessarily influence [directs or constrains] on the product/brand level positioning (ibid, p. 309). Positioning at the organizational level is therefore distinct from but provides direction for positioning at the other [lower] levels in the organization.

Additionally, the distinctiveness of services provided by service organizations and non-profit organizations compared to physical goods suggests that organizational level positioning is more important for services than product or brand positioning (Devlin et al. 1995). This is because creating differentiation advantage based on product features is limited, even impractical for service organizations (ibid, p. 121). Chew (2006a,b) distinguishes between SP at the organizational level and positioning at the operational levels in COs. The role of SP at the organizational level for COs is to guide the development of a PS that can effectively differentiate it from other charities/providers of similar service.

Strategic position
The process of SP helps to create the position of the organization and its offerings in the marketplace (Kotler 1994). Johnson et al. (2006) suggest that the strategic position of an organization is the outcome of decisions made at the corporate level, and is influenced by the external environment, availability of internal resources and core competences, and the expectations of various internal and external stakeholders.

The organization's strategic position explicitly or implicitly identifies the key direction for its core positioning strategy and provides guidance in developing its positioning dimensions [its distinctiveness] based on key strengths and core competences in order to differentiate itself from other providers (Chew and Osborne 2006a). Chapter 1 has

highlighted that the strategic intent or overriding ambition for SP is embodied in the organization's strategic position. Arguably, this is for commercial [for-profit] organizations to strive for a competitive position by winning over rival providers (Hamel and Prahalad (1989, p. 64). However, the strategic intent for COs is less clear because of the lack of research on this topic.

Kotler and Andreasen (1996) argue that many VNPOs fail to succeed because their target audiences do not really know who they are or how they are different from other VNPOs. Having a clear strategic position can help VNPOs to differentiate themselves from others in the eyes of their target audiences to whom they depend on for service users, volunteers and financial support. Bruce (1998) goes further to suggest that the strategic positions of UK charities should be defined in terms of both the organization's purpose [role] and its offerings in any strategic plan. He argues that the identity and position of a charity are inextricably linked, and COs need to consider the basis on which they 'compete' within a chosen sub-sector or segment for funding and public attention.

"The charity's identity has to reflect faithfully its role, and the role depends heavily on the positioning of the charity in the public's mind in relation to local and national statutory services, commercial organizations and particularly other charities." (ibid, p.215)

The literature also suggests that there are at least two parties' views of the organization's strategic position: the organization's and that of its external target audience[s]. The process of SP within the organization creates its strategic position, which is communicated through a chosen PS to the various target audiences (Reddy and Cambell 1993; Hooley 2001). The resultant strategic position refers to the organization's place in the marketplace from its perspective (Attia 2003). The other view of the organization's position is from the external audience[s] perspective. This perspective may or may not be similar to that of the organization's.

For instance, Reddy and Campbell (1993) caution that SP can take place without the deliberate efforts of the organization. In other words, the external audience, such as the

consumer or even the competitor, can assign a position to the organization and/or its offerings vis-à-vis other competitors' positions in the marketplace. The strategic position of the organization is therefore relative (Hooley 2001). Andreasen et al. (2005) argue that regular monitoring of the external target audience's perspective of the organization's strategic position is necessary to ensure consistency between how the organization views itself and how the external audience views it.

Figure 2.1 depicts the relationship between SP, strategic position of the organization and its PS.   It highlights the importance of *consistency* between the strategic position developed within the organization and communicated to its target audiences through the PS, and the strategic position of the organization as perceived by the target audiences (Attia 2003; Chew 2003).

Figure 2.1: Relationship Between Strategic Positioning, Strategic Position and Positioning Strategy at the organizational level

Adapted from: Attia (2003); Chew (2003)
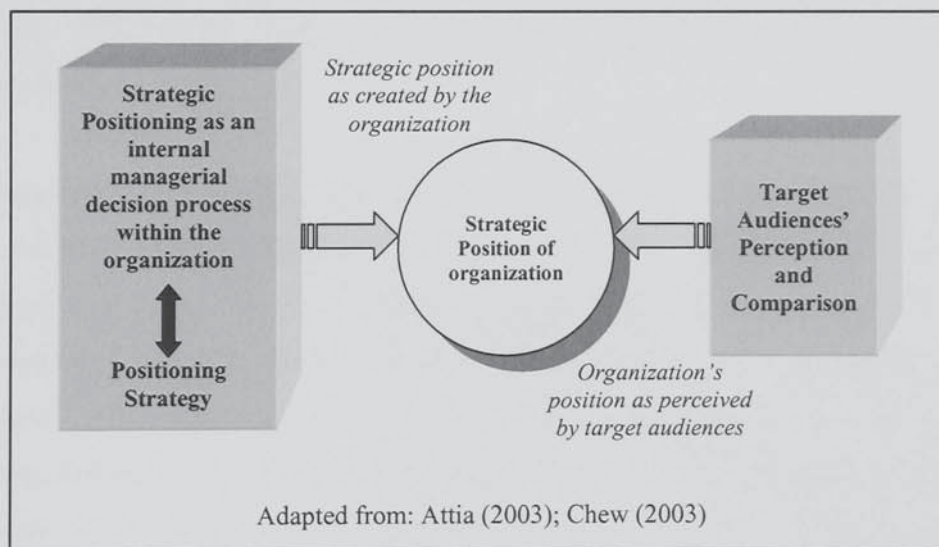
Positioning strategy

In order to investigate the factors that could influence the choice of PS in COs in this study, it is necessary to operationalise PS by identifying its key components. Identifying these components will also provide a general framework in which different PSs could be

developed. As with the general confusion in the literature about the terms 'positioning' and 'position' highlighted in the preceding sections, there is also no consensus among scholars as to what components constitutes a PS. Furthermore, there is little literature and paucity of empirical research in this topic (Blankson and Kalafatis 2001), in particular, in the context of organizations other than for-profit ones.

Doyle (1983, cited in Brooksbank 1994, p 10) was one of the earliest scholars to delineate the key decisions of a PS, which may be broken down into three inter-related sub-components: choice of target consumer, choice of competitor, and choice of differential advantage through which the organization should compete. However, his definition was limiting because it reflected the pre-1990s' notion of positioning that was mainly concerned with product positioning to satisfy consumers' needs as discussed in Section 2.2 above. Moreover, it did not address organizational level positioning or positioning for services and non-profit organizations. Nevertheless, this conceptualisation of PS has been adopted by some marketing scholars for commercial [for-profit] organizations (e.g. Brooksbank 1994; Kotler 1999), and for non-profit organizations (e.g. Lovelock and Weinberg 1989).

Later, Maggard's (1986) examination into the use of the term 'positioning' reveals that it is not a single, distinct concept, but includes a variety of closely related concepts. He (ibid) suggests that the term 'positioning strategy' could provide a conceptual vehicle through which the various related concepts of positioning, such segmentation, product differentiation and target markets, could be coordinated more effectively. The term 'positioning strategy' is also sufficiently broad to encompass both external positioning [positioning from the external audience's perspective], and internal positioning [positioning from the organization's perspective]. This exploration however is not helpful in defining the strategic decisions that make up a PS for this study.

Crucially, Webster (1992) distinguished between the PS decisions at the organizational level and those at the product/brand level. Positioning the organization requires making

strategic decisions that necessarily influence the scope of the organization's operations and its use of organizational resources to create 'distinctive competences' (ibid, p. 11).

On the other hand, PS can also be influenced by the organizational mission and its corporate values. This view is supported by Porter (1996), who emphasizes the fundamental role of senior managers in selecting the appropriate generic PSs for the organization. In contrast, positioning at the product/brand level involves marketing decisions to create competitive product/brand attributes that can be promoted and communicated to various target external audiences (Webster 1992). These clarifications provide a starting point to understand the overlapping influences of strategic management and marketing thoughts in developing a PS at the organizational level.

According to Porter (1980; 1985) a generic PS provides the broad framework within which the organization decides more specific positioning activities. Porter (1980) advocates 'differentiation positioning', 'focus positioning and 'lower cost leadership' as three generic or core PSs for commercial [for-profit] organizations. Organizations adopting differentiation positioning establish some positively distinctive ways in which their offerings meet the needs of their target audiences, and are demonstrably valued by them. Focus or niche positioning is focusing on serving a particular group of users/beneficiaries, geographic area, or providing a type of service better than other providers of similar service. Lower cost leadership is where the organization leads the market by setting low prices (ibid).

Lovelock and Weinberg (1989) were the earliest, albeit few scholars to-date, to describe the components of a PS in VNPOs. However, as mentioned earlier, their depiction of positioning is very similar to that adopted by marketing scholars for commercial [for-profit] organizations. PS decisions, according to Lovelock and Weinberg (ibid, p. 88), involve the choice of target audience, identification of strategic positions of competing providers, and choice of a desired position that distinguishes the organization from other providers. This definition is not very helpful for the present study because it does not

provide adequate guidance on how the choice of the desired position could be decided or influenced.

Hooley et al. (1998a, b) provide a clearer conceptualization of the components of a PS. Their depiction of a 'competitive' PS involves determining the choice of target audience [where the organization will compete] and the choice of 'positioning dimensions' upon which the organization develops its distinctive advantage [how the organization will compete]. Their description reflects the integration of the marketing perspective and strategic management [RBV] perspectives in explaining how PS is developed within organizations [section 2.4 reviews these two perspectives further].

'Positioning dimensions' are conceptually defined by Hooley et al. (1998b, p. 106) as "the infinite number of different ways in which an organization might position itself " as part of its PS. They are unique differentiators based on major organizational strengths that are distinctive of the organization, and which can provide long-term strategic advantages (Chew 2003; 2006b).

For COs, positioning dimensions are the specific instruments through which they differentiate themselves from other providers (Chew 2006b). A range of positioning dimensions have been suggested in the literature for commercial [for-profit] organizations such as low or high price, superior quality, innovation, benefits, bespoke services (Kotler 1999; Hooley et al. 1998b) and for non-profit organizations, including COs, such as specialization, ancillary/support services, relationship with influential stakeholders or parent organization, responsiveness to users needs and service quality (Lovelock and Weinberg 1989; McLeish 1995; Kotler and Andreasen 1996; Saxton 1996).

However, positioning dimensions require appropriate resources and capabilities if they are to sustain the generic PS over time (Hooley et al. 1998a,b; 2001). Different positioning dimensions will draw heavily on the availability of resources and capabilities in the organization. For instance, an emphasis on superior service would require good relationship management skills; a lower cost PS would require good cost control

capabilities (Hooley et al. 1998b). The selection of which positioning dimensions to develop implies making long-term strategic choices by senior management (Porter 1985). Whilst the strategic position of an organization could evolve over time, the initial choice of the organization's strategic position could constrain or limit future positioning choices (Porter 1996; Zineldin and Bredenlow 2001).

Given the general consensus in both contemporary strategy/marketing and the non-profit management literature on the significant role that positioning plays in strategy formulation today, the term 'strategic positioning' [SP] will be used in this study to explore the extent to which COs undertake these activities. The use of SP also distinguishes positioning at the organizational level, which is the focus of this study, as opposed to positioning at the product/brand level. The term 'strategic position' will also be adopted, extending the meaning of SP in this study. PS decisions are strategic ones which comprise three inter-related components: choice of the generic or core PS to adopt, the scope of the organization's activities including its key target audiences, and choice of positioning dimensions to differentiate the organization from other providers.

The existing literature suggests a range of positioning dimensions through which COs could differentiate themselves from other providers. However, there is at present a lack of empirical research to examine the SP goals and activities of COs in a structured way. Moreover, a review of the existing literature [conceptual and empirical] on the various PS typologies in commercial [for-profit] organizations (e.g. Porter 1996; Blankson and Kalafatis 2001; and in charities (e.g. Wray 1994; Saxton 1996; Bruce 1998) reinforces this researcher's view that there is a general lack of conceptual frameworks/models to guide PS research and practice in COs.

2.4   Process of developing positioning strategy

Developing a PS is a deliberate, proactive and iterative process, which necessarily involves decisions at the conceptual and strategic levels (Kalafatis et al. 2000). Zineldin and Bredenlow (2001) go further to assert that developing a PS is an essential key activity of corporate management and that SP decisions are too important to be determined at the

operational levels in the organization. The scant literature on positioning in non-profit organizations tends to describe the process of developing PS in similar ways as found in the commercial [for-profit] marketing/strategy literature. Two schools of thought on the process of developing PS in non-profit organizations in general can be identified in the extant literature, namely, the 'marketing' perspective and the 'strategic management' perspective.

Marketing Perspective

The first school of thought advocates the marketing perspective of positioning, which argues that PS is a key component of the strategic marketing planning [SMP] process for non-profit organizations in a similar way as for commercial [for-profit] ones (e.g. Lovelock and Weinberg 1989; Kotler and Andreasen 1996). PS in this context is the outcome of the SMP process, which is aligned with organizational goals, internal resource capabilities and external market opportunities (Lovelock et al. 1996; Hooley et al. 1998b; 2001). This perspective emphasizes the leading role of marketing in the organization's strategic planning process.

For instance, Hooley et al.'s (1998a) conceptualisation of competitive positioning suggests that corporate management needs to be increasingly market-led to cope with the changing external environment. The role of marketing in this context is to: identify and communicate target audiences' needs and wants, determine the organization's strategic [competitive] position, and implement the PS of the organization (Hooley et al. 2001).

Although there is growing empirical evidence since the mid 1990s that reveals British VNPOs and COs are increasingly practicing marketing (Rees 1998), the evidence also suggests that the extent of adoption of marketing at the strategic level remains low [e.g. Cousins (1990) on marketing planning, Sargeant (1995) on segmentation for fundraising, and Balabanis et al. (1997) on market orientation in British COs. Rees (1998) notes a paucity of conceptual and empirical studies into the appropriateness of commercial [for-

profit] marketing models and techniques for VNPOs and COs in the UK, which she argues needs to be critically addressed.

Strategic Management Perspective

The second school of thought is anchored in contemporary strategic management literature, which argues that identifying/creating the CO's strategic position is part of the corporate strategy planning process. This perspective recognizes the leading role that SP plays in driving strategy formulation at the organizational level, rather than at the functional levels where marketing is arguably located.

> *"Strategic management has three main elements...includes understanding the strategic position of an organization, strategic choices for the future and turning strategy into actions." (Johnson et al. 2006, p. 16)*

The process of reviewing the external environmental trends, internal organizational capabilities and the expectations of stakeholders results in the identification of the organization's strategic position (Johnson et al. 2006). The aim is to find a "strategic fit" between organizational strengths and external opportunities (ibid, p. 61).

Whilst recognizing the crucial differences between COs and organizations in the public and private sectors, Hudson (2002) argues that COs, like other organizations, require a structured process for regularly revisiting their mission and strategic positions. The outcome of the external and internal reviews in its corporate strategy planning process is its strategic position.

The management literature suggests that the importance of strategic planning, development and implementation has long been advocated to VNPOs and COs (Shapiro 1973; Drucker 1990; Bryson 1995). Several authors have argued that strategic management should be more not less important for British COs (e.g. Landry et al. 1985, cited in Courtney 2002; Handy 1990; Lyons 1996; Hudson 2002). COs in the UK began to explore the potentialities of adopting and adapting strategic planning models and

techniques since the 1980s to help them manage and develop their organizations in an increasingly challenging external operating environment (Leat 1995a; Courtney 2002). The enthusiasm for 'professional management approaches' coincided with the growth in the number of COs from the 1970s and into the new millennium, in response to the changing role of the voluntary sector to meet new needs that were not being adequately responded to by the government/public sector agencies, and the changing relationship with public and private sector organizations (Courtney 2002; CAF 2004). Chapter 3 reviews the relevant literature on the development of strategic orientation in charity management in more detail.

However, it is less clear from the extant literature/research whether the marketing perspective or strategic management perspective on developing PS is theoretically appropriate for COs. Moreover, there is little empirical evidence to-date to suggest that COs are practicing SP in similar ways as prescribed for commercial [for-profit] organizations. This present study aims to fill a small part of this research gap by examining the SP activities in British COs.

Deliberate process versus emergent process

In addition to different roles that a PS plays in the process of SP, which were reviewed earlier, the extant literature also highlights the on-going academic discourse on how strategy is [or could be] developed. A review of the relevant literature on this topic helps this researcher to understand and explain the empirical findings from the process of SP later in this thesis.

Johnson et al. (2006, p. 41) suggest three alternative "strategy lenses" of viewing strategy and its development in organizations: the 'design lens', 'the experience lens' and the 'ideas lens'. Their theoretical underpinnings are based on different organization theories and assumptions. This sub-section synthesizes the various literature on this topic and Table 2.1 summarises their key features.

Table 2.1: Alternative Theoretical Lenses on Strategy Development

(Adapted from: Johnson et al. 2006 p. 54)

- *The design lens* views strategy development as the deliberate positioning of the organization through a *rational, analytical, structured and directive* process (Johnson et al. 2006, p. 42). Therefore, the PS of an organization is the result of the process of SP, which matches organizational strengths and resources with opportunities in the external environment (Porter 1980; 1985). Organizations are viewed as having rational structures, systems and mechanisms by which strategy is developed and implemented (Learned et al. 1969; Andrews 1971). They have hierarchies and systems that are controlled in a rational way through targets and performance appraisals. It is the responsibility of senior managers, in particular, the Chief Executive, to develop the mission and determine the key strategic directions of the organization (Ansoff 1965). This perspective is useful to help managers think through and plan strategy, and that alone is insufficient to guide strategy development in more complex environments (Johnson et al. 2006).

- *The experience lens* views strategy development as the outcome of individual and collective experiences, and their "taken-for-granted assumptions" (Shein 1992; Johnson et al. 2006, p. 45). PS is therefore the outcome of an incremental process of traditions, past experiences and assumptions of people within the organization (ibid, p. 45). It is developed in an *adaptive and incremental* way, building on the existing strategy and changing gradually.

Managers' understanding of their organization's strategic position is heavily influenced by this collective experience. Questioning and challenging these experiences is crucial for organizations to avoid "strategic drift", where the PS progressively fails to support the strategic position of the organization and, consequently, performance is adversely affected (Johnson et al. 2006, p. 27).

Lindblom (1959), Simon (1960) and Quinn (1978) argue that the deliberate and rational decision-making process is inappropriate for addressing complex organizational problems, in particular, in increasingly uncertain operating environments. Using public sector organizations as illustrations for his argument, Lindblom (1959) suggests that managers 'muddle through' in their attempt to develop strategy in situations where the availability of resources and information was uncertain. Quinn (1978) reinforces the experience lens's perspective by arguing that formal strategic plans could also be part of the incremental process of strategic change. He suggests that most strategic planning process occurs "from the bottom up", that is, at lower-levels of the organization in response to top management's defined goals and assumptions (ibid, p. 15).

The above critique is echoed by Mintzberg and Waters (1985), who suggest that the rational systematic process ignores incremental and emergent strategies as alternative outcomes to the strategy development process. They emphasise the importance of existing competencies of the organization, such as culture and past experiences. Furthermore, Mintzberg (1978) shows that a strategy developed in a dynamic environment is more likely to emerge from patterns of past experiences. He argues that in such situations, strategy formulation is not a regular or well sequenced process.

Rather, it may occur in bursts of unplanned or reactive actions due to the dynamic nature of the organization's operating environment. However, in practice, both pre-planned [deliberate] and emergent strategies are capable of being realized ones in the process of strategy development (ibid, p. 946).

The main limitation of the experience lens stems from its assumption that strategy is heavily influenced by internal organizational culture, which is based on managers' experiences, past successes and desire for legitimacy. These in-built "taken-for-granted" ways of doing things in the organization could provide a false sense of security for the organization when significant strategic changes are needed (Johnson et al. 2006, p. 49). On the other hand, a unique organizational culture could be a core competence of the organization (Prahalad and Hamel 1990) and therefore, a source of competitive advantage for its PS (Amit and Schoemaker 1993).

• ***The ideas lens*** suggests that strategy emerges from innovation through variety and diversity, which exists in and around the organization (Johnson et al. 2006, p. 49). Its main argument is that organizations are complex and open systems, and need to be in contact with and responsive to a changing external environment (Pfeffer and Salancik 1978). Eisenhardt and Sull (2001) argue it is unlikely that the organization's competitive advantage would be sustainable over the long term in a highly unstable and competitive operating environment. Consequently, a PS could emerge as patterns of successes from *experimentation* of different ideas and innovations.

Behn's (1988) concept of "management by groping along" reflects this perspective of strategy development. Behn's view is similar to that of Lindblom's (1959) for public sector managers. Both scholars criticized the inappropriateness of the rational and systematic approach [design lens] for strategy development in public services organizations. However, according to Behn, strategy is more likely to be developed by experimentation and learning as the organization strives towards achieving its mission or policy objectives rather than merely anticipating environmental changes (Behn 1988, p. 658). In such a scenario, having a strong organizational culture would limit creativity

and provide fewer opportunities for developing ideas and innovations (Johnson et al. 2006).

The ideas lens enables a deeper appreciation of innovative strategies in organizations in order to cope in highly unstable external environments. However, tensions could arise within the organization between the need to continually adapt to the changes in the external environment and to maintain ordered patterns of behaviour. Mintzberg (1987) argues that managers are like 'craftsmen' in strategy development, where they reconcile their desire for quantum-leap changes and the need for continuity. This is particularly relevant to British COs that are operating in increasingly challenging external environments today [see Chapter 3 for review of COs' operating environment].

COs' distinguishing features of innovativeness and flexibility, which enables them to cope with changes in the environment are increasingly being challenged by the need to sustain legitimacy to different stakeholders, in particular, those parties that they depend for funding and other critical resources. This phenomenon is reflected in Osborne's (1996a) study, which shows that the innovative capacity of British VNPOs is significantly influenced by a combination of institutional forces [among other factors] at different levels: societal level [e.g. the impact of governmental perceptions and legislations], industry/sub-sector level [e.g. the influence of key resource providers such as local authorities], and within the organizations [e.g. its mission, established culture and traditions]. These forces could result in "legitimate innovation" in VNPOs, including COs, where they portray their organizational activities as innovative in order to satisfy the institutional expectations of various parties (Osborne 1998, p. 179).

This section has synthesized the relevant literature on how strategy could be developed. It has noted that no one particular perspective can adequately accommodate the process of strategy development in different environmental and organizational situations. Nevertheless, the review provides this researcher with insights into the possible ways that PS could be developed in COs, which are useful in interpreting the empirical findings later in this thesis.

2.5   Theoretical perspectives on forces shaping positioning strategy

The preceding sections have highlighted that much of the theoretical underpinnings of SP described in the literature have been derived from the context of commercial [for-profit] organizations. This section will draw upon three broad theoretical perspectives on the forces that could shape PS in order to provide the necessary conceptual background for the identification of possible influencing factors on PS in the charitable context for this study.   The theoretical perspectives are:

* Competitive Industry Forces/Market Orientation Perspective (Porter 1980, 1985; Hooley et al. 1998a,b, 2001);

* Resource-Based View [RBV] in the Strategic Management literature (Wernerfelt 1984; Grant 1991; Barney 1991; Amit and Schoemaker 1993; Peteraf 1994); and

* Stakeholder Perspective and insights from Resource Dependence Theory [RDT] (Pfeffer and Salancik 1978; Freeman 1984; Clarkson 1995; Mitchell et al. 1997).

Table 2.2 provides a summary of the alternative theoretical perspectives identified in this section and their proposed influence on PS decisions. These perspectives are reviewed in sub-sections 2.5.1 to 2.5.4.

2.5.1 Competitive industry forces/market orientation perspective

This perspective comprises two related theoretical views that are arguably orientated towards the external environment in different ways when identifying forces that shape the organization's PS.   They are: Porter's (1980) Industry Forces Model and the Market-Orientation Perspective.

* **Porter's industry forces and generic positioning strategies**
Porter's (1980) competitive industry forces model uses external environmental [industry] forces to explain/predict why some business industries or sectors are inherently more 'profitable' than others. He suggests that commercial [for-profit]

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organizations be proactive to optimize performance in the marketplace by effectively positioning themselves vis-à-vis these forces. Organizations operating in an industry or sector produce the same principal offering that are close substitutes for each other (Porter 1980, p. 5). Porter argues that five main forces, namely, existing competitors, demands of consumers, relative power of suppliers, threat of new entrants and alternative offerings, can combine to shape the nature and level of competitive intensity in any given industry/sector. Competitive intensity in the organization's industry/sector can affect the organization's ability to carry out particular types of strategies and therefore limit managerial choices (Porter 1991). In strategic terms, the organization's main goal is to find a strategic position in its operating environment that can best defend against these external forces or can influence them in its favour.

Porter (1980) argues that three alternative generic or core PSs, namely, 'differentiation positioning', 'focus positioning' and 'lower-cost leadership', are available to organizations to cope with the different dynamics arising from the five industry forces. These generic PSs have already been defined in Section 2.2 above. Each generic PS requires different organizational resources and supporting structure in order to perform effectively (ibid, p 40).

Porter's assumptions support the open-systems theory of organizations, which emphasizes the intimate and dynamic exchange relationships between an organization and its supporting operating environment (Katz and Kahn 1978). These relationships are not static but dynamic. Changes in the operating environment lead to demands for change in the organization, and even efforts to resist those demands result in internal organizational changes (ibid, p.31).

Although Porter's industry forces model and generic PSs are derived from the context of commercial [for-profit] organizations, there have been attempts to adapt his model for the charitable context. For instance, McLeish (1995, p. 215) highlights the importance of identifying the CO's comparative position vis-à-vis other providers of similar services in the sector that it operates. This environmental analysis, he argues,

will help the CO in determining its strengths and weaknesses in relation to other service providers. Certain elements of the model can therefore be useful to the CO by alerting the potential impact of external environmental forces on opportunities and threats facing the organization. It also underlines the proactive role of managers in making strategic choices to determine the strategic position of their organization.

Some charity marketing authors suggest that differentiation positioning and focus positioning are more appropriate for COs (e.g. Wray 1994; Bruce 1998). Additionally, Saxton (1996) conceptualises four alternative generic PSs for British COs: [1] externally driven, [2] niche by issue/emotional or by geography, [3] differentiation by customer group, by product, or by belief, and [4] awareness. However, there is currently lack of empirical research to support these propositions, which this present study aims to address.

- **Market orientation [MO] and competitive positioning**

MO has evolved in the marketing literature since the 1990s to reflect the philosophy and behaviour of organizations that emphasized identification and satisfaction of 'customer's' needs/wants (Narver and Slater 1990; Kohli and Jaworski 1990). MO consists of three behavioural components in commercial [for-profit] organizations: customer orientation, competitor orientation and interfunctional coordination (Kohli and Jaworski 1990, p.6). MO emphasises specific marketing-related activities in the organization, which facilitate the operationalisation of the marketing concept. The marketing perspective of developing a PS has already been reviewed in section 2.3 above. It views the creation of a strategic [competitive] position as the outcome of the SMP process. Hooley et al. (1998a, p. 103) argue that competitive positioning is intimately related to the concept of MO because it provides a definition of how the organization will compete by identifying target audiences and the competitive advantage that will be pursued in serving them. However, this competitive advantage must be built on the organization's distinctive resources and capabilities (Hamel and Prahalad 1994; Webster 1994). This latter point is shared by the Resource-Based View, which is discussed in sub-section 2.5.2 below.

Since the 1990s, there have been a number of empirical studies on the effects of MO and organizational performance in the UK context (e.g. Diamantopoulos and Hart 1993; Greenley 1995; Doyle and Wong 1998; Harris 2001). However, there is a lack of research into the direct link between MO and SP at the organizational level for both commercial [for-profit] organizations and non-profit ones. Notable exceptions include Hult and Ketchen's (2001) study into the link between MO as an organizational capability and how this affects the performance of large USA multi-national corporations, and Langerak's (2003) study into the effects of MO on the choice of generic PSs adopted by manufacturing firms in the Netherlands. Although both these studies were based on non-UK organizational contexts, the researchers concluded that MO can influence an organization's choice of resources deployed in creating the various positioning dimensions to differentiate itself from other providers.

Since the mid 1990s, MO has been researched in VNPOs and COs in an attempt to conceptualise and operationalise MO in the non-profit context (e.g. Balabanis et al. 1997; Liao et al. 2001; Vazquez et al. 2002). However, there remains an overall lack of empirical research on the relationship between MO and SP in the charitable context.

2.5.2 Resource-based view [RBV] and positional advantage

The RBV provides an alternative understanding of how positional advantage can be created within organizations. Since the introduction of the term 'resource-based view' by Wernerfelt (1984), several studies have developed the RBV's contribution in strategy development further (e.g. Barney 1991; Grant 1991; Peteraf 1993; Amit and Schoemaker 1993). It was developed on earlier works of economists, such as Penrose (1959), who recognized the significance of a firm's heterogeneous resources on its performance.

The RBV emerged in the strategic management literature initially to counter the Porterian view that external industry forces play a determining role in shaping competition and PS. Hansen and Wernerfelt's (1989) empirical work highlighted the influence of organizational factors in strategy formulation, in particular, the internal resources and

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capabilities as building blocks of strategy, rather than the role of external industry factors. The RBV enables the organization to understand the resources that underpin the creation of positioning dimensions in alternative PSs that may be considered by the organization (Fahy and Smithee 1999). It also recognizes the presence of industry factors, and therefore may represent a bridge between internal organizational-based and external environmental-based perspectives in explaining competitive advantage in SP (Collis and Montgomery 1995).

Various types of advantage-generating resources have been suggested in the literature, such as, resources that provide value to consumers (Barney 1991; Collis and Montgomery 1995), those that have the ability to resist duplication by competitors (Dierickx and Cool 1989; Reed and DeFillippi 1990), and those that are sustainable over time (Grant 1991). Several typologies of advantage-generating resources and their definitions have also been proposed in the literature (Fahy 2000). For instance, Grant (1991, p. 118) suggests that the organization's resources are distinct from its capabilities. The former consists of tangible sources of assets, such as capital equipment, patents, finance, brand name, while the latter are intangible sources of advantage, such as managerial skills, leadership, teamwork, coordination, culture or organizational routines.

Other scholars, such as Barney (1991, p. 101) identifies three categories of resources: physical capital [e.g. equipment, building, geographic location, access to materials], human capital [e.g. managers' and staff's skills, experience, training, judgement and relationships] and organizational capital [e.g. formal and informal planning, controlling and coordinating systems]. Hooley et al. (1998b) suggest that organizational resources comprise of assets and capabilities. They define organizational assets as the resource endowments that the organization has accumulated over time and can be deployed to create competitive advantage (ibid, p. 99). Assets comprise of both tangible and intangible resources. Capabilities, on the other hand, are the skills and competencies of individuals and groups in the organization that organize, manage, coordinate and undertake specific sets of activities within and outside the organization (ibid, p. 101). Scholars have suggested that intangible resources such as organization's reputation and capabilities of

managers are more important sources of generating competitive advantage than tangible resources (e.g. Amit and Schoemaker 1993; Hall 1993; Fahy 2000).

2.5.3 Stakeholder perspective and influence of resource dependency

Several authors have highlighted that one of the distinguishing features in the management of VNPOs and COs compared to commercial [for-profit] organizations is the multiplicity in the number of stakeholders, and the greater complexity in their relationships with the non-profit organization (Lovelock and Weinberg 1989; Bryson 1995; Kotler and Andreasen 1996; Bruce 1998; Maple 2003). Another distinguishing feature is the greater dependency of COs on external stakeholders and the impact of resource dependency on COs' strategic choices (Saxon-Harrold 1990). It is therefore relevant for this study to consider the stakeholder perspective and the influence of resource dependency on the choice of PS in COs.

- **Understanding stakeholder influence**

The stakeholder theory [ST] advocated by Freeman (1984) provides an alternative perspective in understanding why and how organizations behave in ways that cannot be directly attributed to economic market forces (Key 1999). It also offers an understanding of other possible sources of influence in the external and internal environment on the organization's strategic choices and actions. ST depicts the organization at the controlling centre of the system. The challenge for managers is to balance the needs/wants of the organization and those of each stakeholder group in its strategy decision-making and selection (Miller and Lewis 1991).

Freeman and Reed (1983, p.91) and Freeman (1984, p. 46) provide both broad and narrow definitions of a stakeholder. The broad definition suggests a stakeholder as "any group or individual who can affect or is affected by the achievement of an organization's objectives." Their narrow definition defines stakeholders as "those groups who are vital to the survival and success of the corporation".

Clarkson (1995) argues that the organization is essentially a coalition of primary stakeholders whose continued participation is critical to its success. He distinguishes between primary stakeholders from secondary stakeholders. Primary stakeholders are individuals or groups without whose continuing participation the organization cannot survive as a going concern (ibid, p. 8). A high level of interdependence is assumed to exist between the organization and its primary stakeholders. The role of managers is to satisfy the needs and demands of each primary stakeholder to ensure its survival and continued success. Secondary stakeholders are those who can influence or affect, or are influenced and affected by the organization's actions, but they are not directly involved in transactions with the organization, nor are they essential for its survival (Clarkson 1995, p. 9).

In addition, Donaldson and Preston (1995) assert that it is important not to define stakeholders too broadly as this unnecessarily includes actors in the organization's environment, such as competitors and the media, that may have some impact on its activities but stand to gain no particular benefit from the organization's successful operations (ibid, p.86).

In the context of COs, the satisfaction of key external stakeholders is crucial to ensure organizational success, while the support and commitment of key internal stakeholders are vital for their successful strategic planning (Nutt and Backoff 1992; Shein 1992; Bryson 1995). For instance, the support and commitment of key internal stakeholders in COs [e.g. employees, volunteers, unions] are important for SP to succeed (Bruce 1998; McLeish 1995). Additionally, the involvement of key decision makers external to the CO that provide essential resources, complementary services or collaborate in projects] [e.g. government funders, major corporate donors, suppliers, banks, and other VNPOs] are crucial to the success of its charitable activities where implementation of these involve multiple parties.

However, according to the RBV, satisfying all key stakeholders is particularly difficult, depending on the resources available to the organization (Amit and

Schoemaker 1993; Barney 1991; Grant 1991; Mahoney and Pandian 1992). Consequently, this could result in the rationing of resources directed to the needs/wants of particular stakeholder groups (Greenley and Foxall 1998).

- **Resource dependence theory [RDT]**

In terms of explaining stakeholders' influence on PS decisions, the RDT shares the view of the ST that an organization is a coalition of varying interests, often having incompatible preferences and goals (Pfeffer and Salancik 1978). Power is one of the defining attributes of an influential stakeholder (Mitchell et al. 1997), with critical resources that an organization depends for its sources of competitive advantage. This phenomenon can be explained further by the RDT, in particular, when applied in the context of VNPOs and COs where there is often a greater number of stakeholders and complexity in relationships with them (Lovelock and Weinberg 1989; Bryson 1995; Kotler and Andreasen 1996; Bruce 1998; Maple 2003).

The RDT assumes that organizations are open-systems that are embedded in an environment comprised of other organizations to which they are dependent on survival (Pfeffer and Salancik 1978). The key to organizational survival is the ability to acquire and maintain resources from the external environment. Organizations survive, in part, through a learned ability to cope with environmental contingencies and negotiating exchanges to ensure needed resources are continued.

According to Pfeffer and Salancik (1978), resource dependence exist when one actor supplies another with a resource that is scarce [suppliers are few in number], less mobile and is considered critical for the survival of the recipient (ibid, p.2). Pfeffer and Salancik (1978) define control as: "the ability to initiate or terminate actions at one's discretion" (ibid, p.259) and dependence as "the product of the importance of a given input or output to the organization and the extent to which it is controlled by a relatively few organizations" (ibid, p.51). Therefore, certain external primary stakeholders may have the power to control the resources needed by the organization, and to exert influence on its actions. Moreover, Greenley and Foxall (1998) argue that

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a dominant external stakeholder may exert an excessive amount of power and influence on the organization's strategic autonomy. The implication is that the interest and demands of this dominant stakeholder take precedence over those of other stakeholders. This would affect the organization's performance objectives, which could be constrained or determined by the need to prioritise the dominant stakeholder's interest.

2.5.4 Reconciling theoretical perspectives on forces influencing positioning strategy

There remains an on-going debate as to whether organizational resources [assets and capabilities] or market competitiveness contributes in shaping organization's strategies, actions and outcomes. Traditional strategy research and organization theory suggest that many organizations can adapt their strategies and capabilities as external environments change (Barnard 1938; Ansoff 1965; Andrews 1971; Hofer and Schendel 1978; Miles and Snow 1978; Porter 1980; Child 1972).

However, the contemporary view among scholars is that both industry and organizational forces play important roles in determining competitive advantage of PSs (Hooley et al. 1998a,b; Fahy 2000). Henderson and Mitchell (1997) argue that there is reciprocal interaction at multiple levels of analysis between the external [industry] environment and internal organizational resources that shape strategy formulation and performance. At the same time, interaction between strategy and performance could influence both organizational capabilities and the competitive environment.

In terms of SP, Hooley et al. (1998a,b) suggest that both the marketing [external orientation] perspective and the RBV [internal orientation] perspective are necessary for effective development and implementation of a PS. The marketing perspective argues that if strategy becomes too embedded in internal resources alone it runs the risk of ignoring the demands of changing turbulent markets and external environments. On the other hand, the RBV argues that marketing strategies are not likely to be effective if they do not exploit the organization's resource endowments and capabilities. In addition, the

above review in the chapter suggests that the ST and RDT also provide valuable insights into the influential roles of primary stakeholders [external and internal] on organization's strategic choices and actions.

Table 2.2: Summary of theoretical perspectives on forces influencing positioning strategy

Theoretical Perspectives	Key Authors	Orientation and Key Focus	Level of Analysis	Potential Influence on Positioning Strategy Decisions
Industry Competitive Forces shape Organizational Competitiveness	Porter (1980; 1985)	*External Orientation - Focus is on industry [sectoral] forces that combine together to define competitive intensity. Industry forces shape organization's generic positioning strategy [PS] and competitive advantage.*	*Organization level with locus of control in industry*	* *What generic PS?* * *What target audience?*
Market Orientation (MO) & Competitive Positioning	Kohli &Jaworski (1990); Narver & Slater (1990); Hooley et al. (1998a,b).	*External Orientation - Focus is on identifying and satisfying external customer needs/wants; also focus on market intelligence gathering and dissemination in particular on competitors' strategies. Creation of Competitive position is a key outcome of the Strategic Marketing Planning process, which links the various components of Market Analysis, Competitor Analysis and Internal Organizational Analysis.*	*Organization level*	* *What generic PS?* * *What target audience?* * *What positioning dimensions relative to competitors should be used?*
Resource-Based View (RBV)	Penrose (1959); Wernerfelt (1984); Hansen & Wernerfelt (1989); Barney (1991); Grant (1991); Amit & Schoemaker(1993).	*Internal Orientation - Organization possess inimitable resources that can be sources of competitive advantage, which form the bases for building and defending strategic positions. RBV focuses on managerial identified sources of organizational assets and capabilities as key sustainable sources of competitive advantage relative to competitors.*	*Organization level.*	* *What positioning dimensions to use to support generic PS that can be sustained by distinctive/core capabilities and assets?*
Stakeholder Theory (ST)–Resource Dependency Theory (RDT)	Freeman (1984);Pfeffer & Salancik (1978); Clarkson (1995);Mitchell et al. (1997).	*External Orientation & Internal Orientation – ST focuses on satisfying the interests of external and internal [primary] stakeholders in order to enjoy successful performance; RDT focuses on influential external stakeholders who control critical resources that are needed for the organization's survival and who have the power to control its strategic decisions and behaviour.*	*Organization level with managers as the centre of relationships with external and internal stakeholders.*	* *What generic PS?* * *What positioning dimensions should be used that can satisfy the interests and gain the support of external and internal stakeholders?*

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2.6 Initial organizing conceptual framework of influencing factors

The review of the theoretical perspectives forces influencing PS in the previous section provides the basis for proposing an initial multi-dimensional conceptual framework for this study. This section provides an overview of the possible factors that could influence the choice of PS decisions in COs. Three broad groups of factors are proposed: external environmental, internal organizational and stakeholder influences. Figure 2.2 depicts the initial organizing conceptual framework.

Figure 2.2 Initial Organizing framework for examining the key factors influencing positioning strategy in charitable organizations

External Environmental Influence
* Competitive Intensity
* Political, Regulatory, Economic, Socio-Demographic Changes

Organizational Influence
* Mission
* Culture
* Resources/Capabilities

Stakeholder Influence
* Primary Stakeholders
(Resource Dependency)

Positioning Strategy Decisions
* What 'Generic Strategy?
* Which Target Audiences?
* What Positioning Dimensions?

Source: Chew (2003; 2006a)
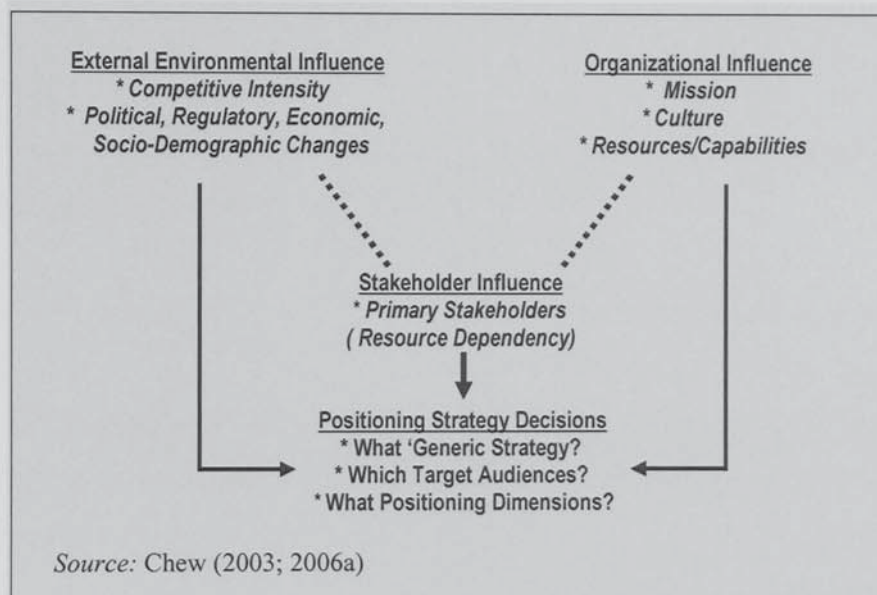
[1] **External environmental influences** – These comprise of factors external to the organization outside the management's direct control e.g. industry competitive intensity (Porter 1980; 1985), economic conditions, technological changes, social-demographic changes, legal and political context (Learned et al. 1979; Andrews 1980; Mintzberg 1995). In the case of COs, critical trends in their external operating environment could provide opportunities or impede their strategic directions and positioning. These include: social-demographic trends [e.g. changing age structure, changes in the demographics of service users and funders, and how their needs will change]; legal-political changes [e.g.

critical policy decisions and actions towards welfare reform, investment in education, and changes to charity laws]; changes in the economic environment [recessionary or growth trends]; technological changes that make cost-effective electronic/internet capabilities available (Bruce 1998; Hudson 2002).

Competition from other COs, VNPOs, and private and public sector organizations for funding have been suggested as a growing influences on strategic choices of COs (Saxon-Harrold 1990; Bruce 1998; CAF 2004). Kendall and Knapp (1996) argue that VNPOs, including COs, that delivery certain types of public services [e.g. social care, health care, housing], face increasing competition from commercial [for-profit] organizations and government agencies in the emerging 'quasi-markets' for the delivery of public services in British public policy. COs have to compete for government funding and public service contracts. At the same time, public sector contracts/projects often have tougher budgetary and auditing controls, to which COs would be required to adhere.

Saxon-Harrold's (1990) study on the strategic choices of COs in Britain concluded that strategy was less likely to be shaped by internal organizational forces than from the intensity of competition and the degree to which the organization is dependent on resources [in particular funding] from external parties such as government. Competitive intensity is arguably high in the charitable sub-sectors, which is where high degrees of similarity in goals and tasks between COs exist. This scenario is evident in many charity sub-sectors today where a number of COs often target the same cause, service users/beneficiaries or type of service offered [e.g. children services or elderly care] within the same geographical area (CAF 2004).

[2] **Internal organizational Influences** – These comprise of resources internal to the organization that managers have excess to and can deploy to create competitive advantage through a PS. Three possible influencing factors are suggested: organizational mission, culture, and organizational resources.

- *Mission* is defined as the fundamental purpose of an organization (Hudson, 2002). In strategic management perspective, mission helps to direct organizational efforts and resources to achieve its ideal view of the world: its vision. Organizational purpose has been used in COs as an alternative for mission, which describes the rationale for its existence and what it does (ibid, p. 102). Hudson (2002) further argues that COs have a much stronger sense of mission than their counterparts in the for-profit and public sectors. A CO's mission or purpose is one of the major characteristics that make managing a VNPO challenging because it has a powerful impact on strategic approaches and choices of management (Leat 1995a). The legal status of charitable purposes could constrain the CO from changing its mission without causing serious damage to its purpose for existence.

In terms of SP, Frumkin and Kim (2001) suggest COs should position themselves around their mission. They argue that the essence of SP for charities is to find a strategic position that is difficult to imitate over the long-term. Zineldin and Bredenlow (2001) show that vision, mission and the strategic position of an organization are interrelated. The vision and mission guide the organization's corporate planning and implementation of its SP activities. Therefore, mission could both facilitate and constrain PS choices in COs.

- *Culture* is part of the 'orientation' of the organization (Hooley et al. 2001). Different strategic orientations affect strategy choice and its implementation differently (Greenley and Foxall 1997; 1998). Culture is a set of shared assumptions and understandings about organizational functioning (Despande and Webster 1989). Moreover, the culture of an organization sets the internal context within which strategic decisions are made (Webster 1994). Schein (1992) defines corporate culture as a set of basic assumptions, which are invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration.

Two broad perspectives of culture have been suggested in the literature. One view is that culture is something the organization has. The marketing perspective of positioning prescribes to this view, advocating MO as a culture that the organization should cultivate (Deshpande and Webster 1989; Narver and Slater 1990; Kohli and Jaworski 1990; Webster 1992). The other view is that culture is the organization and therefore is difficult to imitate (Knights and Willmott 1987; Ogbonna 1993; Legge 1994). This latter view is advocated by the RBV. Amit and Schoemaker (1993) classify culture as a "strategic asset" because it is a desirable source of competitive advantage for the organization by creating ambiguity. Due to the intangible nature of organizational culture [e.g. its history, managers' ability to lead and manage change, team working ability and innovative ability], it is often difficult to duplicate (Barney 1991).

- *Organizational Resources*

It was reviewed in section 2.3 and sub-section 2.5.2 that organizational resources are important bases for developing a PS, in particular, the positioning dimensions that could differentiate the organization from other providers. This study uses the term 'resources' to include tangible and intangible assets and capabilities of a CO. Assets are the resource endowment that the CO has acquired or built over time and can be deployed to develop its PS (Hooley et al. 1998b; 2001). These include: the CO's reputation, brand, market knowledge, relationships with various stakeholders and technology. On the other hand, capabilities are defined as those resources that facilitate assets to be deployed effectively in SP activities (Hooley et al. 1998b; Fahy 2000).

Marketing scholars have suggested that marketing capabilities are essential for creating competitive advantage in a PS. Day (1994), in particular, suggest 'outside-in', 'inside-out', and 'spanning' capabilities. Outside-in capabilities are those skills and competencies, such as market research and customer relationship management [CRM]. Networking capabilities that help the organization to operate more effectively in the external environment are also cited as outside-in capabilities (Cravens and

Piercy 1994). Inside-out capabilities are the internal capabilities of the organization that have little value until "activated by forces in the external environment, such as market requirements, competitive challenges, and external opportunities" (Day 1994, p.41). Spanning capabilities are those skills and competencies that serve to integrate inside-out and outside-in capabilities, such as, service delivery, and new product/service development, where both understanding of the market requirements, and internal competencies to fulfill them are required.

However, as highlighted earlier, there is general consensus among scholars today that both external factors [e.g. competitive intensity] and organizational resources play a part in shaping strategy, competitive advantage and performance in organizations.

[3] **Stakeholder influence** - Stakeholder influence on PS is conceptualised as coming from primary [external and internal] stakeholders and to a lesser extent, from secondary stakeholders. Various definitions of the term 'stakeholder' have been discussed in sub-section 2.5.3 above.

- *Primary stakeholders*

The initial conceptual framework proposes a more specific identification of primary stakeholders who could influence the PS decisions of a CO. The influential stakeholders are thus defined as "those without whose continuing participation the charity cannot survive" (Clarkson 1995), "and those who possess the power and legitimacy to influence organizational behaviour by virtue of their resource dependent relationships with the charitable organization" (Mitchell et al. 1997). It is argued here that the particular context in which British COs operate would require them to incorporate a greater number of stakeholders' views and to manage a greater complexity of influences on their strategy development and decision-making process than in commercial [for-profit] organizations.

Blois (1993) argues that all organizations have to deal with multiple constituencies, and rejects the claim of some authors that multiple stakeholders are the distinguishing

feature of COs. In contrast, Leat (1995a) supports the notion that the number and type of stakeholders of a CO are greater and more varied compared to commercial [for-profit] organizations. Moreover, particular groups of external stakeholders, such as government as a funder and regulator, may become increasingly influential as key stakeholders of VNPOs/COs in the UK.

British COs face additional regulatory influences from the Charity Commission and charity laws, which generally constrain their actions in certain ways that do not apply to commercial [for-profit] organizations. Furthermore, donors' and the general public's expectations may be higher for COs with high public profiles, in particular, when they campaign and fundraise for certain types of charitable causes (Leat 1995b). Bruce (1998) suggests that the internal primary stakeholders of COs include employees and Board of Trustees/Management Committee members. Other authors have suggested that not all stakeholders are equally active or important to different VNPOs/COs (e.g. Kotler and Andreasen 1996). They can change in their level of salience from time to time, depending on situational factors (Mitchell et al. 1997).

- *Influential external stakeholders and resource dependency*

The RDT views organizations as not internally self-sufficient and require resources from the external environment (Pfeffer and Salancik 1978). This situation can be appropriately applied to the British voluntary sector where many COs are dependent on resources for their survival, in particular, financial support from private donations and/or government [central and local] funding (Saxon-Harrold 1990). Other studies on funding relationship and the impact of this on strategy suggest that the strategic autonomy of British COs tend to erode when they rely substantially on one or a few dominant funders, such as, central or local government (e.g. Leat et al. 1981; Wortman 1982). Based on the RDT, it is further suggested here that certain primary external stakeholders in the CO's operating environment that the CO is dependent on for funding and other resources, would have the power to directly influence its strategic decisions and actions. These stakeholders include: local authorities that provide financial resources [e.g. grants and public service contracts] and volunteers

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who serve as Board Members and fundraisers, and who deliver essential services to beneficiaries for the CO.

2.7   Conclusions

This chapter has conducted an extended review of SP, and synthesized the various literature around it. A multi-dimensional approach was adopted in undertaking this review, which drew insights from various management theories in strategy development, marketing, RBV, stakeholder and resource dependence literature. Importantly, four points arise from this review. First, there is little existing literature and lack of empirical research on SP in VNPOs in general, and COs in particular. Although, there has been a general agreement among charity researchers that the type of PSs for COs needs adapting, there remains a lack of conceptual and theoretical models to guide positioning research and management practice in the charitable context.

Second, much of the existing non-profit strategy/marketing literature tends to describe the concept of positioning, which espouses the role of SP, the process of developing a PS and the benefits of positioning, for VNPOs and COs, in similar ways to advocating for commercial [for-profit] organizations in contemporary strategy/marketing literature. There is currently lack of empirical works to determine whether these assertions are appropriate for COs where their positioning goal[s] may be dissimilar to those of commercial [for-profit] organizations.

Third, the existing contemporary literature on SP suffers from a lack of conceptual clarity about the definition of SP, and its relationship with strategic position and PS in the organization. The review in this chapter has offered some clarity to these related concepts, which is necessary to guide the investigation in this present study.

Finally, multiple theoretical lenses are useful in providing alternative perspectives on the forces influencing PS in COs. The initial organizing conceptual framework of influencing factors was proposed from a synthesis of the external environmental, internal

organizational, and stakeholder perspectives on SP. This effort contributes to furthering positioning theory and research.

The points above signal significant gaps in the existing literature/research for positioning theory development and empirical research in the charitable context. This present study aims to fill a small part of these gaps. The next chapter reviews the UK charitable context in order to appreciate the research context in this study more fully.

Chapter 3: Review of the research context

3.1   Introduction

The aim of this chapter is to provide an overview of this study's context. In order to appreciate the research context introduced in Chapter 1, the review of the operating environment of COs in the UK is expanded. This understanding provides the contextual background needed to investigate the two main research questions established for this study, namely, to explore the extent to which British COs undertake SP in their organizations, and to identify the key factors that could influence their choice of PS.

The chapter begins with a conceptualization of the charitable sector by briefly tracing its development within the wider sector of VNPOs over six historical phases in Britain until the mid 1990s. This is followed by an attempt to conceptualise the UK charitable sector using alternative criteria. Next, an overview of the changes in the policy context and external operating environment in which COs have operated since the Labour Government came into power in 1997 is discussed. The chapter then explores the emergence of strategic management and marketing approaches in the charitable sector, from the early 1990s in particular. Differences between the charitable and commercial [for-profit] organizational contexts are examined as part of this exploration. Four key drivers that have influenced the adoption of explicit competitive strategies and have elevated the importance of strategic positioning in British COs are next suggested. The latter sections of this chapter are part of two articles that were written by this author and published in *Aston Business School Research Paper Series* (Chew 2005) and *Public Management Review* (Chew 2006b) respectively [see Appendix 10 for copies of these articles]. This chapter concludes with a summary of the key themes that have emerged from the above deliberations.

3.2 Conceptualising the charitable sector and charitable activities

Building on the scope of the study that was introduced in section 1.3 of Chapter 1, this section provides further understanding of the charitable context within the wider sector of VNPOs in the UK, and the various attempts in the literature to describe their activities. It has been established in Chapter 1 that there is, at present, no universally agreed definition of charitable sector in the UK. It is further observed that the literature about VNPOs and the voluntary sector in the UK often relates to charitable organizations and charitable activities. This is understandable because the growth of the voluntary sector in the UK is very much intertwined with the development of charitable giving and philanthropy in British history. Kendall and Knapp (1996) and Courtney (2002) provide detailed accounts of these historical developments. Six phases have been identified in the development of the provision of voluntary aid in Britain since 1600 until the mid 1990s. Each of these phases is briefly outlined below.

- **Origins (Medieval and Tudor periods)**

  The Roman Catholic Church played a central position in the delivery of formal philanthropy during this period. Dissatisfaction with the Church by the 15th Century spurred more secular forms of charitable giving. Organised mutual aid by various trades, such as guilds and livery companies, marked the beginning of organized voluntary sector. The 1601 Statute on Charitable Uses, which remains the prevailing legislation in the UK defining what is and what is not charitable, was established during this period (Kendall and Knapp 1996).

- **Pre-industrial Era (1660s – 1780)**

  This period was characterised by a more tolerant climate of charitable giving. Rodgers (1949, p. 8) described this era as the "golden age of philanthropy". The Tudor system of charity administration declined under the pressures of the Civil War. Several reforms to the national system of Poor Law administration were passed during the latter part of the 18th century, effectively removing previously harsh acts on repression of the poor. Many

church schools for the poor often run by the Church of England were established and charitable hospitals were founded (Key Note 1997). Mutual aid increased with the formation of friendly societies and other associates that acted as intermediaries between donors and beneficiaries.

- **Industrial Era (1780 - 1840)**

  During this period, there was a tightening up of the Poor Law [Poor Law Amendment Act] in 1834 and almsgiving to deter the "able-bodied poor" from receiving relief and to encourage commitment to the work ethic (Hill 1970 quoted in Kendall and Knapp 1996, p. 37). A range of evangelical and moral societies, which reflected a more charitable ethos of the middle-class women, was developed. At the same time, a revolution among the working-class organizations, such as friendly societies and trade clubs, became more threatening to the ruling class.

- **Second half of 19th century**

  Davis Smith (1995) defines this phase as the heyday of British philanthropy because of the economic benefits during the Industrial Revolution and the expansion of the British Empire. Proliferation of charitable activity coupled with increasing charitable giving by the middle-class households characterized this period of growth in the charitable sector. This development created the first indication that charitable activities/causes were becoming mass-duplicated, and this began to create problems of identity and differentiation for charities performing essentially similar services (Courtney 2002). The growing number of charities established during the Victorian period necessitated further reforms of the charity law. This came in the form of the 1853 Charitable Trusts Act, which created the Charity Commission giving it some powers to monitor charitable activities.

- **1940s -1970s (the welfare state)**

  Relief of poverty and promotion of welfare were largely provided by charities that had little or no state regulation until the early 1940s. The welfare state and the provision of services by government and public bodies who provided support for those who were in need emerged during the post-war upheavals of the First and Second World Wars. The National Council of Social Services, now known as the NCVO, was set up in 1919 as a national co-ordinating body of charities and other VNPOs. Whilst charitable funds continued to grow during this period, serious concerns were raised about the limitations of charities in their attempts to deliver comprehensive services, such as health and education (Courtney 2002). Perceived weaknesses of COs, such as 'amateurism', 'paternalism' and 'insufficiency', were scrutinised (Salamon 1987), in particular, in the management of hospitals and the quality of medical care provided to armed force recruits at that time.

  Several recommendations by Beveridge (1948) in relation to creating a welfare state were implemented by the Labour Government of 1945-51. The charitable sector's role in education and social services was preserved but its health care and income maintenance roles were removed through direct government provision of the National Health Service [NHS] and National Insurance in 1946. The expanding role for government in provision of public services prompted a review of the legal environment for charities, which resulted in the 1960 Charities Act. This refined the legal powers of the Charity Commission in regulating charities and charged it with maintaining a central register of charities in the UK

- **1970s – mid 1990s (blurring of sectors in delivery of public services)**

  Significant shifts in the relationship between the charitable/wider voluntary sector and the public and private sectors in Britain characterized this period. The Wolfenden Committee report (1978) reinforced the welfare state tradition in providing public services, and at the same time, legitimized the

role of COs/VNPOs as partners that "complements, supplements, extends and influences the statutory system" in public service delivery (ibid, p. 26 quoted in Kendall and Knapp 1996, p.137). At the same time, the primacy of commercial [for-profit] organizations was emphasized. The Conservative Governments of 1979-1996 thus marked a sharp change in attitude towards government itself and the other major participants in public policy (Kendall and Knapp 1996). The presumption was that public services would be more efficiently delivered by the private sector or other sectors other than government. This ideology resulted in the transfer of many public services, such as health and social services, formerly performed by government to the private sector organizations, charities and VNPOs on a contractual basis, particularly, from the beginning of the 1990s (Alcock 2003).

The expansion of the voluntary sector had gathered momentum since the 1990s because of the disillusionment of people with the public sector and the divestment of a range of public services by central government and local authorities to the voluntary and private sectors. Recognising the growing importance of COs within the wider voluntary sector, NCVO set up a Charities Department in 1924 to encourage more efficient voluntary giving to COs. This was renamed the Charities Aid Foundation (CAF) and given independent status as a registered charity in its own right in 1974. The 1960 Charities Act was repealed and replaced by the Charities Acts of 1992 and 1993, which provide the legal framework for charities operating in the wider voluntary sector in Britain to this date (Home Office 2006).

The significance of COs in the wider sector of VNPOs remains evident today. For instance, the NCVO's yearly *Almanac* that reports on the status of the voluntary sector in the UK focuses on the affairs of 'general charities' as the main composition of VNPOs in the country. General charities are defined by NCVO as registered charities but exclude those organizations that are considered as part of the government apparatus, financial institutions considered to be part of the corporate sector, and organizations that

deliver only private benefit (NCVO 2002a). An estimated 153,000 general charities were registered in the UK as at 2002 (NCVO 2004b). This figure has increased to 165,000 as at June 2006 (Charity Commission 2006). Salamon and Anheier (1992a, p.19) argue that general charities are at the "centre of gravity" of the UK voluntary sector, which are formally registered as charities with the Charity Commission and given legal status and protection. The Charity Commission for England and Wales is established by law as the regulator of charitable status and registrar of charities in England and Wales. Scotland and Northern Ireland do not have the equivalent of the Charity Commission as in England and Wales. However, the Charities Register in Scotland and the Northern Ireland Council for Voluntary Action maintain a database of registered charities in Scotland and Northern Ireland respectively. Their definitions of registered charities are comparable to those used by the Charity Commission of England and Wales (NCVO 2002a).

Just as there are various attempts to define the type of organizations that make up the essentially eclectic voluntary sector (Lane et al. 1994; Kendal and Knapp 1996; Courtney 2002), attempts to define the charitable sector are seen as equally problematic. This section reviews three alternative approaches to conceptualise 'charity' and 'charitable purpose' in the UK context.

Legal definition

English case law provides a legal framework within which the concepts of 'charity' or 'charitable' are interpreted. Section 96[1] of the Charities Act 1993 defines a 'charity' as:

> *"any institution, corporate or not, which is established for charitable purposes and is subject to the control of the High Court in the exercise of the court's jurisdiction with respect to charities."*

This is consistent with the Charity Commission's statement of what is meant by 'charity' and 'charitable organization' [COs] in the UK:

"For an organization to be a charity it must fall within the law's understanding of "charity" and be subject to the jurisdiction of the High Court (Charities Act 1993, s.96(1)). For an organization to be a charity it must have purposes which are charitable by reference to case law. (Charity Commission 2001)

Organizations that are legally recognized as charities in the UK have to be registered with the Charity Commission, unless they are exempted or excepted by order or regulation, or whose income from all sources does not exceed £5,000 a year [Charities Act 1993, Section 3]. Registered charities are required to submit their annual reports, which should include a statement of accounts for the financial year, to the Charity Commission within ten months from the end of that financial year [Charities Act 1993, Section 45].

Functional definition

The above legal interpretations of 'charity' do not provide sufficient guidance as to what is charitable nor do they identify which organizations qualify for charitable purposes. Due to this limitation, the functional definition is employed in addition to the legal one to provide further insights into this concept. The Charitable Uses Act 1601 [Statute of Elizabeth I] provides an illustrative list of 'charitable purposes', whilst having no intention to define them at that time. In other words, a purpose would be considered charitable according to English Law provided it falls "within the spirit and intendment" of the Act's preamble, as decided by the courts (Kendall and Knapp 1996, p. 66).

Box 3.1: Extract from preamble to the Charitable Uses Act 1601

"[the] relief of aged, impotent, and poor people; the maintenance of sick and maimed soldiers and mariners, schools of learning, free schools and scholars of universities;[the] repair of bridges, havens, causeways, churches, sea banks and highways; [the] education and preferment of orphans; [the] relief, stock of maintenance of houses of correction; [the] marriages of poor maids, supportation, aid and help of young tradesmen, handicraftsmen and persons decayed; [the] relief or redemption of prisoners or captives and the aid or ease of any poor inhabitants."

Over the years, the illustrative list of charitable purposes has been developed by the law courts and expanded to include new purposes based on an interpretation of the preamble. In 1891, Lord Macnaghten updated the interpretation of the Charitable Users Act [1601] by classifying charitable purposes as falling into four categories or heads. These were refined in the 1960 Charities Act, and later followed in the Charities Acts of 1992 and 1993. The four categories are:

- Relief of poverty
- Advancement of education
- Advancement of religion
- Other purposes beneficial to the community (not falling under the above three categories)

An alternative perspective of the functions of VNPOs is offered by Handy (1990) who suggests three different functions of organizations that reside within the voluntary sector.

- **Mutual Support** – established by members for the purpose of providing mutual benefits, advice and encouragement, such as health and medical conditions, drug addiction, leisure activities and benevolent activities.
- **Service Delivery** – arguably the biggest and most visible form of activity performed by charities for those in need, such as emergency rescue, services for the disabled, elderly, children and young people. Many of these services are currently provided by charities but which were previously the sole responsibility of the public sector.
- **Campaigning** - specifically established to campaign for a general cause or to act as a pressure group in a particular interest, such as environmental issues and rights of minorities in a community.

These functions were expanded by Alcock (2003, p. 168) who depicts four different types of organizations found within the voluntary sector, namely, protective

organizations [mutual support and benefits], service organizations [motivated by altruism and provide services to others], campaigning organizations and representative organizations [promote general issues affecting large numbers of people or self-interest of members]. However, the above categorization of COs by functions is problematic because charities often perform multiple functions. For instance, many general welfare and social care [GWSC] charities in Britain deliver services directly to their beneficiaries, offer mutual support to members and campaign for their causes in search for donations and public support (Chew 2006a, b).

In addition, there are two further requirements for charitable purposes under prevailing laws in the UK. They must first be exclusively charitable, and secondly, they must be for the benefit of the public, namely, the whole community or a considerable section of it (Kendall and Knapp 1996; Charity Commission 2005a). However, there is ambiguity in the prevailing definition of 'public benefit' as it applies to different charities. The presence of 'public benefit' is presumed to be inherent in the purposes of organizations that are involved in the first three categories of public benefit in the Charitable Users Act 1601 unless they are proven to the contrary. However, for organizations that have purposes that fall under the fourth category, namely, 'other purposes beneficial to the community', public benefit must be demonstrated. Moreover, the test for public benefit is assessed on a case-by-case basis, and examined on its own merits. The Charity Commission is tasked with administering the test for public benefit in registered charities.

At the same time, the wider sector of VNPOs has evolved appreciable since the 1601 Charitable Uses Statute. They include organizations that are presently classified as charities but have expanded their scope of operations to include activities that are arguably for private benefit, such as mutual and self-help organizations that provide benefits to individuals. CAF (2004, p.19) reported that changing shape and size of the charitable sector over the past decade was partly because of the growth of certain types of charities [e.g. hospices, faith-based charities representing immigrant groups], the creation of new charities through the contracting out of public services previously

provided by government [central and local] and the development of new charitable forms [e.g. social enterprises and partnerships with private and public sectors]. Therefore, the present charity law does not appear to accurately represent the growing number of organizations with charitable status, or the widening range of different types of organizations that should have charitable status (Strategy Unit 2002).

These perceived weaknesses in the present definitions of charitable status and inconsistency in the assessment of 'public benefit' in COs have prompted the Labour Government to propose changes to the charity law[1]. These are being pursued as part of the wider governmental strategic reform since 2002 of charities and the wider voluntary sector in the UK (Strategy Unit 2002). A proposed Charities Bill (Cabinet Office 2004), which completed its second reading in Parliament in June 2006 [2], recommends, among other things, an expanded list of twelve charitable purposes. These are: advancement of health, citizenship or community development; arts/heritage/science; amateur sport; human rights/conflict resolution/reconciliation; environmental protection or improvement; animal welfare; and the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage. In addition, charitable purpose in the proposed reform of charity law must be demonstrated by organizations that purport to be charitable rather than presumed as the present law implies.

Structural-Operational definition

The third approach to defining the charitable sector is the structural-operational definition. Salamon and Anheier (1992a) first introduced this approach to classify organizations that should be considered voluntary and non-profit ones. This approach does not emphasise the purpose of the organization but its structure and operations. Their five organizational features, which have been established in section 1.3 in Chapter 1, have been adopted by several authors to characterise VNPOs in general (Osborne

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[1] Scottish charity law has been changed by the Charities and Trustees Investment [Scotland] Act, which received Royal Assent on 14 July 2005. Northern Ireland Office is currently overseeing proposals to reform charity law and regulation in Northern Ireland (Home Office 2006).

[2] The new Charity Bill has not been passed in Parliament at the time of submitting this thesis. The expected date for it to receive Royal Assent is late 2006 (Home Office 2006).

1996a,b; 1998; Courtney 2002) and general charities in particular (NCVO 2002a). According to this adapted definition, COs would need to:

- be institutionally independent from government and businesses [for-profit sector];
- be non-profit distributing although they can generate surpluses/profits in a given year of operations;
- have their activities benefit the wider public that goes beyond any membership; and demonstrate to some meaningful degree voluntary participation in the form of "non-compulsory" time [e.g. volunteers in operations and management], money [e.g. donations] and/or contributions in kind (Anheier 2005, p. 49).

In addition, NCVO's definition of general charities excludes organizations that are predominantly sacramental religious bodies or places of worship (NCVO 2002a).

Locating the charitable sector within the wider sector of VNPOs

NCVO provides a conceptualization of the types of organizations that make up the charitable sector within the wider range of non-profit organizations in the UK. Table 3.1 suggests that COs, as defined in this study, fall within the first three categories, namely, general charities, all registered charities and the wider sector of voluntary and community organizations that essentially provide public benefits and demonstrate voluntary value (Salamon and Anheier 1992a; Osborne 1996a, b; 1998).

The above review has highlighted the difficulty in defining and conceptualising the charitable sector and charitable activity. It has argued that attempts to frame the sector using any one definitional criterion have not been able to fully encapsulate the diverse and complex nature of the organizations that make up the sector. The charitable sector is unique, yet diverse. In Chapter 1 it was acknowledged that COs, either general charities or registered charities, comprise only a part [albeit a significant one] of the broad sector of VNPOs. Whilst the focus of this study is on the strict legal definition of charities,

nevertheless it appreciates the diversity of the voluntary sector and recognizes the practical difficulties of investigating the entire spectrum of VNPOs for this doctoral research. As it will be shown in the next section, COs strive to remain independent of government and the private sector but are increasingly reliant upon them for funding and other resources in a challenging external operating environment.

Table 3.1: Conceptualising charitable organizations within the wider sector of non-profit organizations in the UK

Aston University

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(Source: Adapted from NCVO 2002a, p. 19)

3.3 Overview of policy context and external operating environment of charitable organizations

In its strategic analysis of the voluntary sector for 2003-04, NCVO (2003) suggests that the major drivers for this uncertainty and change in the UK voluntary sector in the short and medium term would continue to stem from developments in the political-regulatory and socio-economic environments. This section reviews the key developments in the policy context and the wider external environment in which British COs have been operating under the administration of the Labour Government since 1997. This period was selected in order to identify the more current developments and their impact on the management of COs from that period and into the new millennium.

3.3.1 Evolving policy context affecting charitable organizations since 1997

Since 'New Labour' was elected into government in 1997, the operating environment within which COs operate can be characterized by an arguably enabling policy context that further promoted voluntary action and raised the profile of the voluntary sector in public policy development and service delivery (Alcock 2003; NCVO 2004a,b). This development was supposedly part of the Labour Government's agenda to 'modernize' public services in the UK, especially, in the areas of regeneration policy, tackling social exclusion and improving the delivery of public services. (Cabinet Office 1999).

The government's increased enthusiasm from working with COs and other VNPOs in policy development and service delivery within this new agenda for change has been evident in several ways. The major policy developments and their effects on COs in particular, and VNPOs in general are described below.

- The Deakin Commission's (1996) and Kemp Commission's (1997) reviewed the future of voluntary action in England and Scotland respectively. They concluded that COs and VNPOs contribute significantly to public policy development and delivery. They suggested that relations between these organizations and government should be formalized, i.e. through formal

contractual agreements. A National Compact (Home Office 1998), based on recommendations of the Deakin Commission (1996) was thus created. It established the framework for formal working relationship between central government and COs/VNPOs in delivering public services. It argues that COs/VNPOs have distinct advantages in delivering services more effectively to groups of people in need and who are particularly difficult to reach by government or its agencies. The 'positional advantage' of charities includes their specialist/expert knowledge of a service or geography, innovative capacity, access to the wider community and the ability to work closely with users, beneficiaries and their families because of their independence of government (HM Treasury 2002, p. 16).

- The National Compact was later widened to include the establishment of a number of Local Compacts between local authorities and COs/VNPOs operating in local areas. (Osborne 2002; Osborne and McLaughlin 2002). Codes of Good Practice were published, including Funding and Procurement of Service Contracts and Grants to guide COs and government agencies on the formation, funding and implementation of service delivery agreements. However, a major criticism of the Compacts was that, whilst they offered guides to good practice, they were not legally binding on the parties involved (NCVO 2002b). Nevertheless, they have been generally welcomed by COs and VNPOs. Of significance is the commitment of government, enshrined in the Compact, to recognise and preserve COs' independence of government, irrespective of their funding relationship. This commitment was further reinforced by the proposed changes to charity law [Draft Charity Bill 2004 discussed earlier] to encourage the campaigning and advocacy roles of COs in pursuance of their charitable purposes.

- Against this backdrop for change, the Labour government initiated a strategic review of charities and the wider sector of VNPOs in September 2002 [Private Action, Public Benefit: A Review of Charities and the Wider Not-

for-Profit Sector], which sought to modernize the prevailing charity law (Strategy Unit 2002). As it has been indicated in section 3.2 above, the charity laws had not kept pace with the rapid developments in charity practice since the early 1960s. The proposed reform of the charity laws thus entails the clarification of the definition of 'charity' and 'charitable purposes', providing new legal forms for charitable organizations, enabling charities to undertaking trading activities to further their charitable purposes [such as providing services for a fee or selling charity merchandise to raise funds] without the need to set up a trading company, and expanding the legal responsibilities of the Charity Commission in administering more rigid tests for 'public benefit' in COs. It is expected that the proposed new Charity Bill will be given Royal Assent in 2006.

- At the same time, a governmental 'Cross Cutting Review' was initiated in September 2002 by the Treasury, which identified a greater role in public services delivery by COs and the wider sector of VNPOs (HM Treasury 2002) for government. The main purposes of this review was to analyse the contribution of the voluntary sector in public service delivery and to identify areas for improvement, especially, funding, capacity building, and improving the range and quality of services offered by COs and VNPOs. The Labour Government had committed funding for the voluntary sector through the creation of a one-time, three-year investment of £125 million 'Future Builders Fund' in 2004 to develop the capital assets and infrastructure in these organizations. Funding was provided especially for the smaller organizations in order to enable them to take on their public service delivery role more effectively (HM Treasury 2002). This development was aimed at encouraging working partnerships between government [central and local] authorities and COs/VNPOs. The funds are targeted specifically at COs and VNPOs involved in the delivery of services in four key government areas: health and social care, crime and social cohesion, education and learning, services for children and young people.

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- The Labour government has also committed to encourage more people to donate to charitable causes by initiating a series of tax relief measures designed to increase donated income in the voluntary sector (NCVO 2002a). In 2000, a 'Getting Britain Giving in the 21st Century' was launched. Using this mode, the £1,200 maximum limit on gifts made through the payroll-giving scheme to charities was removed and replaced by a three-year supplement of 10% on donations. The minimum limit of £250 for gifts to attract income tax relief through Gift Aid[3] was removed. The procedures for using Gift Aid were also simplified to enable charities to receive tax relief contributions from donors more efficiently.

Therefore, it is evident that the past decade of an enabling policy environment has resulted in the broadening of the scope and scale of activities by COs/VNPOs. Of particular significance, as Alcock (2003) argues, that the expansion in the roles and contributions of the voluntary sector in public service delivery and policy development since the new millennium have exceeded those at any time in the previous century. The key motivation for the increased interest and funding commitment of the 'New Labour' in the voluntary sector since a decade ago was to facilitate the modernization of public services, tackle poverty and social inclusion and to improve the quality of life in Britain (HM Treasury 2002). Charities and the wider sector of VNPOs have increasingly become one of the main vehicles for the current government in pursuance of this policy objective.

3.3.2 Impact of policy changes on charitable organizations

The effects of the various policy initiatives on the voluntary sector reviewed earlier have been demonstrably felt at two levels (Blackmore 2004):

[1] increased funding from government (central and local authorities); and

[2] increased consultation on policy issues that impact government directly.

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[3] Gift Aid is one of the tax effective methods initiated by the UK Government in 2003 to encourage more donations by individuals and corporations to COs. A tax relief on income tax or capital gains tax is given for cash donation [gift], where every £1 donated is worth £1.28 to the charity (NCVO 2004b).

As it was highlighted in Chapter 1, the contribution from statutory sources [grants and contract fees] has increased appreciably over the past decade. The sources of charitable income will be discussed in section 3.5 below. It will be shown in Tables 3.4 and 3.5 in that section, that the amount of funding received by registered charities from the public sector in 2002 grew 25% since 1997, making this source of income the second largest contributor for COs behind individuals donations (NCVO 1996; 2004). During the period 2000-01, VNPOs received £1.8 billion and £1.1 billion from central government and local authorities in England respectively for delivering a range of public services, especially, social services, development and housing (HM Treasury 2002, p. 12-13). Tax-effective giving initiatives have also benefited COs. They received over £2 billion of donations from individuals through these initiatives in 2002, including £437 million in tax reliefs paid back by the Government (NCVO 2004b). Gift Aid generated the bulk of this amount, which was £1.98 billion in 2002 (ibid).

However, not all COs or VNPOs are involved or wished to be involved in delivering public services that are funded by government. As highlighted above, governmental commitment of funding and development of COs/VNPOs in delivery of public services under the 2002 Treasury's Cross Cutting Review, appeared to target specific areas within its political agenda. The issue of independence of VNPOs in general and COs specifically was at the heart of concerns which arose from the changing climate of increasing funding for delivering public services under government contracts. As it was established in Chapter 1 and in section 3.2 above, two of the key defining characteristics of COs and VNPOs are their independence from government, the private sector or other agencies, and the capacity to self-govern and make independent decisions.

For COs and VNPOs that increasingly deliver more publicly funded services or work in partnership with government, the risk of losing their independence has been voiced by academics and charity practitioners (Leat 1995b; Pharoah 2003; Blackmore 2004). Osborne and Ross (2001) identified two such risks: 'Isomorphism' [where the VNPOs lose their distinctiveness and become more like their counterparts in the public and private sectors] and 'Incorporatism' [where the voluntary sector itself becomes an arm

of the government apparatus]. Other authors have cautioned COs that increasingly deliver public services under contracts from government, risk mission drift in their search of funds (NCVO 2004a; Alcock et al. 2004). Blackmore (2004), however, argues that there is little empirical evidence to suggest that the risks to COs' and VNPOs' independence have indeed become a reality. She argues that working collaboratively or formally in a partnership may be beneficial for COs and VNPOs, provided that they are clear about the risks and benefits of pursuing these relationships. For COs that have traditionally depended on external parties for resources and support, such as funders/donors, volunteers, the media and businesses in general, the degree of interdependence between them and other organizations/sectors, is perhaps more relevant to the debate in the current climate of change (ibid, p. 41).

Moreover, as described earlier in section 3.2 above, delivering services that are for 'public benefit' is not new to COs. NCVO (2005b) argues that many of the activities that are now classed as public services were set up by COs to fill unmet needs long before the state decided to play a greater role in public welfare provision (Blackmore et al. 2005). The boundaries between what is considered public and private goods/services blur where the same services are to be found in different sectors of societies that are in varying stages of development (Flynn 2002, p.13).

In light of this changing policy context for COs in delivery of public services, the Charity Commission issued a policy statement on the role of charities. It advises that delivering public services is a key governance and management issue for COs (see Box 3.2). The issue has been succinctly put forward to COs: engaging with government in service provision should be done in a manner that does not compromise the charity's mission, its independence and financial position (Charity Commission 2005a).

3.3.3 Other external environmental trends and impact on charitable organizations

The wider external environment within which COs and VNPOs operate have also experienced significant changes. Since the mid 1990s, these prevailing social, economic and technological environments in which COs operate have been characterized as both challenging and 'fragile' (NCVO 2003; 2004a,b; 2005a). In examining these trends for the charitable sector, it is impossible to be exhaustive. At the same time, there is little extant literature that analyses these changes and their specific impact on COs. The review below will therefore highlights selected key trends and their impact on charitable activities since the 1990s and into the new millennium.

Social-demographic trends

Social-demographic changes have the potential to affect the activities of COs in various ways. A selective number of trends are reviewed in this section for the purpose of this study. Table 3.2 provides a summary of these trends and their impact on charitable activity. These trends have potential opportunities and threats for public services, in particular for organizations involved in delivering and funding them, whether they are charities, other VNPOs or government.

Table 3.2: Key social-demographic trends affecting UK charitable organizations

(Source: Evans and Saxton 2003; NCVO 2003; NCVO 2004b; CAF 2004)

- *An ageing population*

The UK population is getting older. The proportion of people aged 65 and over constituted 16% of the population in 2005 (National Statistics 2006). The number of people aged 50 and over is predicted to increase by 30% from 18.3 million in 2000 to 23.8 million in 2020. 45% of population will be over the retirement age by 2020 (Future Foundation 2003). At the same time, British

people above the age of 50 have significant spending power on leisure and services. This is expected to increase from 44% in 2000 to 50% of the population in 2020 (ibid).

An ageing population poses considerable demands for particular services for the elderly, such as health care, social care, specialized housing and residential care, and pension arrangements. As older people live longer they could require financing for nursing home/residential care, thereby reducing the traditional form of legacy income for charities or being written out altogether (Evans and Saxton 2003). Moreover, an increase in demand for older people in the job market, in particular part-time work, could reduce the number of older volunteers. This has been a traditional source of volunteers for British COs (NCVO 2005a).

- *Change in family structure*

The structure of the family is also changing. The rise in the number of one-person households and the growing diversity of family structures are leading to a more fragmented and complex society where reliance on service provision rather than traditional support mechanisms is expected to further increase (NCVO 2003). Future Foundation (2003) refers to this trend as a move from the traditional 'horizontal family' [where several generations of the traditional family live together in a household] to the 'vertical family' [where the family has become smaller with fewer children and grandparents in the household]. The trend towards a more complex form of 'vertical family' has developed because both parents enter into new relationships as a result of divorce and remarriage, and the decrease in marriages (Future Foundation 1999; 2006). The proportion of married couple households in the UK has decreased to less than 40% in 1998 compared to 70% of all households in the 1970s (Evans and Saxton 2003). Conversely, the number of single-person households has increased from less than 20% in the 1970s to nearly 30% by 2001 (ibid). The resultant trend towards the growth of the single parent family and extended step-families have several implications for alternative providers of social welfare and housing services other than the family (NCVO 2003). A more diverse and flexible range of skills

would be required of paid staff and volunteers in order to adequately meet the needs/concerns of the family within this changing structure.

- ● *Increased mobility of the population*

Geographical and professional mobility has increased, in particular, among the younger population (NCVO 2003). Geographical mobility includes legal migration into the UK from the European Union [EU] and other countries. The enlargement of the EU has major implications for the movement of labour in the UK. Professional mobility has continued to put pressure on the job market, which averages 20%-25% annual turnover in staffing over the past decade (ibid). Delays in entering the job market because of educational and/or family priorities, and the decline in the traditional family structure [reviewed in the preceding sub-section] could lead to increased mobility. This diversity has changed patterns in community participation, which tends to revolve around specific interests of different groups in the community rather than in communities of place (NCVO 2004b). The services of COs would be challenged in increasingly transient and diverse communities. Regional and local charities could contribute significantly to bridging gaps between the different communities of interest (ibid).

- ● *Social attitudes and values*

NCVO (2004a) argues that notions of trust and confidence are central to understanding social attitudes and values that affect charities and their relationship with users/beneficiaries on the one hand, and funders/donors on the other. The shift towards a consumer society has not only shaped the attitudes of recipients of public services but expectations of providers and funders as well. These changing expectations mirror those of consumers in the private sector who desire quality, choice, information and the right to compensation when things go wrong (Blackmore 2004, p. 12). Consumer activism, where more socially aware citizens and socially responsible corporations voice their concerns publicly, e.g. for increased accountability by providers of public services. Charities and VNPOs are not immune to consumer activism or intense media

scrutiny. Eurobarometer (cited in NCVO 2004a, p. 25) reports that VNPOs, including charities, are still relatively well trusted by the UK public ahead of political parties, the press, the Church and the legal system.

However, the impact on COs is evident from the changing relationships with the user/recipient of publicly funded services and with the public sector agencies that commissioned these services. For instance, there is growing pressure on COs to demonstrate accountability and performance for their charitable causes, and to the beneficiaries and communities to whom they represent (Blackmore 2004). Yet, many COs do not automatically value their beneficiaries because, structurally, as argued by Bruce (1995), charities have a wide array of different audiences, where most attention is focused on donors and funders.

The emphasis on the individual rather than society has also influenced purchasing patterns and brand loyalty, which has shaped donor/funder behaviour in the UK. Donors and funders become more discerning and choosy about the causes they wish to support. The trend towards the public's lack of support in social issues and more for specific community interests may limit funding opportunities for some charitable causes in the future (NCVO 2004a). A combination of complex social-demographic and policy changes over the last twenty years has thus complicated fundraising for COs. The trend is towards a more diversified portfolio of income sources for many COs in their efforts to maintain services to their users/beneficiaries (CAF 2004). [see also Tables 3.4 and 3.5 for sources of charity income].

- *Economic conditions*

NCVO (2005a) argues that since the late 1990s, the continuing fragile national economy has been a key strategic threat facing COs and other VNPOs in the UK into the new millennium. The experiences of COs during the recessionary years in the early and late 1990s have, arguably, shaped their less optimistic expectations of the funding environment for the new millennium. Taylor-

Gooby's (1994) study 'Charities in Recession Survey' into the effects of the economic recession of the early 1990s on UK charities is of significance. It revealed that, whilst many COs have difficulties in fundraising during the recession, the level of demand for their services grew. The extent to which different charities have experienced a decrease in income and an increase in demand with the recession were explained by variations in factors such as size, geography and service sub-sector. The two sources of income that COs experienced the greatest decline in the economic recession were donations [individual and corporate] and grants from government [central and local]. On the other hand, voluntary sector grants from trusts and foundations, provided the biggest increase in funding to COs during this period.

Larger COs [annual income exceeding £50,000] and smaller ones [annual income below £7,500] had responded best during the economically challenging period (Taylor-Gooby 1994). Larger charities were able to utilize their stronger resource base to increase fundraising and marketing activities to bolster their income generation during this period. Smaller charities were buffeted from the full effects because of their geographical or service focus. Mid-sized COs that operated in sub-sectors, such as social care, community and economic development and the arts, experienced the greatest decline in income (Taylor-Gooby 1994, p. 104). They received most of their funding from local and central governments. Conversely, COs that were involved in "long-standing needs", such as social care, health and education, experienced the least decline in demand for their services (ibid, p.106). Those operating in the southern regions of the country experienced the greatest demand for their services because of cutbacks in funding from local authorities and increased in unemployment during this period.

These findings were revealing because they showed empirically that COs can be innovative in their responses to economically challenging conditions. For instance, COs that have experienced the largest decline in income and resource

support in recessionary times tend to undertake the most radical changes in their attempts to survive. These included changes to their organization structures, for instance, the adoption of 'professional' management and marketing techniques to increase fundraising activities (Taylor-Gooby 1994; Leat 1995a). However, these changes have been criticized as short-term responses rather than longer-term strategies. Economic uncertainty could therefore affect the level of demand for particular types of charitable activity and the capacity of individuals, organizations and government that could provide support for them.

The overall health of the national economy can also be influenced by the economic performance of international markets, as demonstrated in the global economic slowdown in the late 1990s. The fall in the stock market had impacted not only on the organizations [funders/corporate donors] holding the investments but equally on those receiving grants from investment holders [COs and VNPOs]. One of the sources of income of COs is internally generated income, which includes bank interests and investment earnings from property [see Table 3.5 in section 3.5 below].

NCVO (2004b) highlights the potential current and future threats to voluntary income and internally generated income of COs arising from changes in the economic conditions in the country over the short and medium terms. These included, rising personal debt, higher tax burden that reduces an individual's pre-disposition to donate, and investment risks [e.g. falling equity prices and corporate profits, uncertainty in dividend income and the property price bubble]. Investment income of general charities amounted to £2.2 billion in 2002, of which two-thirds or £1.4 billion were from dividends and interest (NCVO 2004b). These income sources however fell by nearly 13% from 2000 because of the continued effects of the economic slowdown from the late 1990s and into the new millennium (ibid, p. 77-79). Legacies from wealthy individuals contributed to 6.8% of the total income of smaller charities, whereas larger charities with a total annual income exceeding £10 million, benefitted from twice that amount

[13.1%] in 2001 (NCVO 2002a, p. 36). Grant-making charities that relied upon investments and legacies as their main sources of income had been affected as a result of the continuing fragile equity prices since 2000.

- *Technological advances*

COs are affected by changes in technology in similar ways to organizations in the wider voluntary and private sectors. The range of technological advances not only includes information and communication technology [ICT] but also innovations in service delivery processes, health and medical technologies, mechanical and engineering developments. Effective use of ICT has been suggested by NCVO (2004b) to enable COs to reach users, beneficiaries and donors/funders more cost effectively. The drive to enhance ICT capabilities in COs stems both from an increasingly discerning public, where access to information is expected, and also from the commitment of the governmental Cross-Cutting Review (HM Treasury 2002) to develop the infrastructure capacity of COs in order to support their public service delivery role. The latter initiative was part of the current Labour Government's wider reform of public services as were discussed earlier, which involves the development of an electronic economy of service delivery (Office of the e-Envoy 2003). This has provided an arguably new opportunity for COs to secure and strengthen their strategic position within this changing polity (Burt and Taylor 2004; Taylor and Burt 2005).

ICT capability and capacity are thus expected of COs that are involved in the delivery of public services under contract from government. For instance, the governmental Cross Cutting Review [2002] has proposed for the development of a governmental voluntary sector web-based portal. It aims to streamline access and performance management requirements relating to government grants and other funding streams into the voluntary sector in future (HM Treasury 2002).

However, recent research has shown that VNPOs in the UK, including COs, suffer from a serious deficiency in ICT infrastructure and skills (Taylor and Burt 2005). Wenham et al. (2003) found that, whilst many charities in the UK were increasingly adopting web-based [internet] technology for fundraising, they were not utilizing the technology effectively as part of a strategically integrated marketing plan. COs therefore face growing tension between the increasing expectations from various stakeholders for COs to be technologically capable and also with their internal deficiencies in this capability.

The impact of these key environmental influences on managing COs in the new millennium is evident from the major concerns voiced by charity managers at the NCVO (1999) Third Sector Foresight:

- Greater uncertainty and tougher funding opportunities for charitable cause/activity, in particular, from statutory sources and fundraising from the general public;
- Greater demand and public expectations for services delivered by charities, and increasing pressures and influence from various stakeholders (e.g. from users/beneficiaries over the nature and quality of services provided, and from funders/donors over the value for money for the type of causes they contribute towards;
- Increase in self-help and mutualism, as individual rights and responsibilities shape the sector's future development; and
- Challenges in managing the changing relationships with public, private sectors, and cross-sectoral partnerships within the voluntary sector itself.

The changing policy context and other external environmental influences in the socio-economic and technological landscape have thus continued to put pressure on COs to manage their operations to effectively satisfy both their short-term survival needs, and their longer-term SP (Chew 2005; 2006a).

3.4   Development of strategic orientation in charity management

The literature review in Chapter 2 has identified that much of the theoretical foundations of the concept of SP were based on commercial [for-profit] organizational context. Therefore it is important that the discussion on the relevance of contemporary strategic management, marketing models and techniques for COs would necessarily involve, in the first instance, an appreciation of the contextual differences [and similarities] between these organizations and their counterparts in the private sector. An understanding of these differences would enable researchers to ascertain the extent to which COs require an alternative approach to those adopted by commercial [for-profit] ones to manage their organizations (Courtney 2002). This section examines the major differences in terms of their theoretical significance and their implications for the management of COs, compared with organizations in the private sector.

3.4.3   Theoretical differences between COs and commercial [for-profit] organizations

The extant literature provides numerous ways of organizing the theoretical differences between VNPOs and commercial [for-profit] organizations depending on the purpose of the comparison. For instance, Harris et al. (2001) suggest that the policy arguments for a mixed economy of welfare/public service provision in Britain were based on claims that VNPOs were different from organizations in the private and public sectors. As highlighted earlier, previous government-commissioned Committees, such as the Wolfenden (1978), Deakin (1996) and Kemp (1997) Committees had all established that VNPOs possess distinctive 'positional advantages' to deliver public services because of their cost-effectiveness, innovativeness, flexible structures, independence of government and their ability to reach different-to-reach segments of society.

The various attempts to conceptualise VNPOs (e.g. Salamon and Anheier 1992a,b; Kendall and Knapp 1996; Osborne 1996a, b, 1998; Hudson 2002) subscribe further to the notion that these organizations are fundamentally different from the public and private sectors. The majority of these authors argue that the distinctive differences between VNPOs and organizations in the other sectors, require adapted versions of

contemporary management approaches for VNPOs, or even to develop approaches that are unique to the voluntary sector altogether.

However, despite the significance of COs in the voluntary sector, there is little existing literature, both conceptual and empirical, that compares specifically the context of COs with organizations in other sectors, and/or identifies the implications of these differences for managing COs. Notable exceptions in the British non-profit management and marketing literature include Octon (1983), Leat (1995a,b), Bovaird and Rubienska (1996); Osborne (1996a); Bruce (1998), Sargeant (1999), Hudson (2002) and Courtney (2002).

This section attempts to synthesise the various literature on this topic by examining the theoretical differences between COs and commercial [for-profit] organizations under six broad organizational characteristics, namely: organizational purpose/mission, indicators of success, revenue acquisition, accountability, culture and values, and governance. In doing so, it must be acknowledged that there could be other characteristics used for such comparisons. Nevertheless, these six organizational characteristics are selected for the this review because they are the most frequently cited in both mainstream and non-profit management literature, which could provide the basis for explaining the research findings in this study. A summary of these key differences and their impact on managing COs are shown in Table 3.5.

- *Organizational purpose/mission.* The CO's purpose/mission of COs has been singled out by several authors as their key differentiating feature (e.g. Leat 1995a; Quarter and Richmond 2001; Courtney 2002). British COs are legally established for charitable purposes, which was defined by the Charitable Users Act [1601], and as indicated earlier in this chapter, is currently being reviewed. At the same time, charitable purposes must provide some form of social or public benefit as opposed to private benefit, in the majority of commercial [for-profit] organizations. Another key theoretical difference frequently used as a defense for charitable activity is that they are unconcerned with profits, while commercial

[for-profit] organizations are driven by profit maximization (Clarke and Mount 2001).

However, several authors (e.g. Drucker 1990; Leat 1995a; Courtney 2002) have suggested that the 'profit' argument is not clearly proven for VNPOs and COs. For instance, some COs do set out to generate profits/surplus, for instance, through charity shops and selling other charity merchandise/services (Leat 1995a). Also, grant-making charities deliberately seek to raise surpluses in a given year in order to invest these to generate more surplus (ibid). Perhaps it is more appropriate to consider the non-profit distributing feature of VNPOs/COs, rather than profit generation *per se*, as discussed earlier in this chapter.

Moreover, for-profit organizations are also increasingly 'socially responsible': they adopt social objectives in their mission statements that guide their service provision (Leat 1995a). However, Quarter and Richmond (2001) argue that it is generally not the rule for for-profit organizations to do so. British COs are allowed by law to earn surpluses from their trading activities (Charity Commission 2005b) However, they are not permitted to distribute profits/surpluses to anyone with a beneficial interest in the organization, but should reinvest these to further their charitable purpose/mission. Purpose/mission has therefore a powerful influence on the way the organization is managed and their chosen strategies (Sawhill and Williamson 2001; Hudson 2002).

Table 3.3: Theoretical differences between COs and commercial [for-profit] organizations and implications for charity management

Comparative organizational features	Key differences		Proposed impact on charity management
	Charitable Organization [CO]	Commercial [for-profit] organization	
Organizational purpose/mission (Charity Acts 1601, 1992, 1993; Leat 1995a; Moore 2000; Clark and Mount 2001; Quarter and Richmond 2001; Courtney 2002)	* Legally set up for charitable purposes as defined in UK Charitable Users Act 1601 [currently being reviewed]. * Charity mission often provides some form of 'social' or 'public benefit'. * Non-profit distribution but must be reinvested to further charitable purpose/mission. May earn surpluses from activities if these are performed in pursuance of its purpose/mission.	* Predominance of profit or wealth maximization for shareholders and investors in the mission. * Social benefit may be included in the mission to guide service provision, but is not emphasized as a rule (Quarter and Richmond 2001).	* Charity mission has a strong influence [both distinguishes and constrains] on strategic choice of primary target audiences [users/beneficiaries] and scope of charitable activities. * Mission needs to incorporate measurable goals, rather than vague purposes. * Mission guides social accountability and provides legitimacy for COs (Ebrahim 2001; Moore 2000).
Indicators of success (Leat 1995a; Mason 1984; Courtney 2002; Hudson (2002)) (Drucker 1990; Sawhill and Williamson 2001)	* Predominance of non-financially orientated performance measures e.g. usage, service quality, client satisfaction, rather than financially driven ones such as market share, profitability or return on investments. * No or weak direct link between funder and consumer/customer. Predominantly paid for its efforts instead of results (Leat 1995a). * Indicators of success defined or discovered through process of negotiation and participation between internal and external stakeholders.	* Predominance of profit and loss as a measurement of success, i.e. financial bottom-line or increased equity value is emphasized (Moore 2000). * Direct link with the consumer/customer who often pays for products and services provided by for-profit organization. Predominantly paid for results (Leat 1995a). * Indicators of success defined by senior management and endorsed by shareholders.	* A clear and compelling mission provides direction for CO's strategies and actions. * Measurable goals incorporated in mission statements are important to provide accountability to the CO's various external and internal stakeholders. * Different organizational structures and systems are needed to manage dual responsibilities of resource attraction and resource allocation (Mason 1984).
Accountability (Charity Acts 1601, 1992, 1993; Ebrahim 2003; Courtney 2002)	* Legal accountability for UK charity laws to fulfil charitable purpose and to serve users/beneficiaries as primary stakeholder.	* Legal accountability to Company Act.	* Multi-dimensional and contingent on relationships with diverse internal and external stakeholders (Ebrahim 2003).

	* Financial accountability to Charity Commission. * Social accountability to wider range of stakeholders in addition to users/beneficiaries, such as donors, funders, government, volunteers and staff for its actions and decisions.	* Financial accountability to shareholders and investors.	* Tension between the externally driven accountability and internal generated accountability in COs (Ebrahim 2003). * COs that deliver public services under contracts from government face incompatible accountability to their principal (funder) and to their users/beneficiaries.
Revenue Acquisition (NCVO 2004; Moore 2000; Drucker 1990)	* Different sources of revenues, in particular, donations from individuals and businesses are a key defining difference of COs. * Inherently dependent on various external parties for resources, in particular, revenue for survival. (Paton and Cornforth 1992)	* Less diverse sources of revenues. Primary source of revenue is from selling products and services to customers who would pay for these offerings (Moore 2000).	* Different strategies and process of acquiring resources (in particular voluntary donations) are needed in COs (Moore 2000). * Varied approaches needed to manage multiple demands from different stakeholders. (Paton and Cornforth 1992)
Culture and Values (Leat 1995a; Moore 2000; Courtney 2002; McGill and Wooten 1975)	* Strong internal values such as participatory and egalitarian, and greater commitment towards equal opportunities. * External orientation tends to be non-competitive and co-operative. * Combination of formal and informal approaches when carrying out activities.	* Internal values influenced by external orientation to market and interests of shareholders/investors (Moore 2000). * External orientation tends to be predominately competitive (Mason 1984), but this can involve co-operation and partnerships with other organizations (Courtney 2002).	* High degree of conflict and tension between maintaining participative/co-operative goals/values and official strategic initiatives that strive to achieve organizational dominance (Leat 1995a; Wilson 1994)
Governance (Leat 1995a; Hudson 2002)	* Volunteer Board of Trustees or Management Committee legally obligated to ensure charity activities adhere to charitable purpose and safeguard financial integrity/trust. * Other volunteers involved in range of activities e.g. fundraising, service delivery, operations and management advisors.	* Paid Board of Directors appointed by shareholders to ensure financial viability.	* Conservative in managing strategic and financial risks (Leat 1995a) *Highly influential in all strategic decisions of the CO, therefore can facilitate or restrict managerial actions.

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- *Indicators of success.* The discussion on lack of profit or financially-directed motives in COs is linked to these organizations' indicators of success. Several authors have suggested that the lack of profit as the bottom line deprives COs of any clear basis for performance indicators compared to commercial [for-profit] ones (Drucker 1990; Bryson 1995). Sawhill and Williamson (2001) argue that it is far more difficult to measure 'success' of a CO that is predominately mission-driven using traditional business measures.

The literature suggests an orientation of COs towards non-financially focused performance measures [e.g. usage of services, service quality, client satisfaction] rather than financially driven ones that are used by commercial [for-profit] organizations [e.g. market share, profitability or return on investments] (Leat 1995a; Courtney 2002). In other words, COs could compensate their lack of financial bottom line with other indicators of success that measure the impact of activities and capacity in order/enabling them to achieve their mission (Sawhill and Williamson 2001). However, the issue of measuring success in COs is arguable, as it is complicated by the lack or presence of a weak link between users/beneficiaries [the party that consumers the services of the charity] and the donor/funder [the party who pays for these services] compared to commercial [for-profit] organizations. The implications for management of COs are significant. For instance, Mason (1984) argues that this weak link would require two separate systems in the CO to manage its relationship between the two parties effectively. Moreover, this crucial difference complicates the management of COs in terms of determining measures of success and their accountability for different stakeholders (Hudson 2002). This latter point is the focus of the next key difference between COs and commercial [non-profit] organizations.

- *Accountability.* A review of the existing literature suggests no clear definition of the term accountability, as it applies to managing non-profit organizations (Ebrahim 2003). Edwards and Hulme (1996, p. 967) define it as "the means by which individuals and organizations report to a recognized authority[ies] and are

held responsible for their actions." Kearns's (1996) definition of accountability suggests it to be both socially constructed and relational in nature. In other words, accountability can be externally driven and internally generated depending on the nature of the CO's relationship with its different stakeholders. In this respect, there are at least three dimensions of accountability when applied in the CO's context.

Under existing charity laws [1601, 1992, 1993], the Board of Trustees or Management Committees of British COs are *legally accountable* to fulfil their organizations' charitable purposes and to serve their primary stakeholders, namely, users/beneficiaries. Chisolm (1995, p. 141) defines legal accountability as "either an obligation to meet prescribed standards of behaviour or an obligation to disclose information about one's actions even in the absence of a prescribed standard." Moreover, registered charities in the UK are *financially accountable* to the Charity Commission as discussed earlier in this chapter.

COs are also *socially accountable* by virtue of their charitable purpose of public benefit to the wider array of stakeholders, such as users/beneficiaries, donors, funders, volunteers, government, contracting partners and even the wider community or region that are indirectly affected by their activities (Ebrahim 2003). The charity's mission adds an ethical dimension to accountability of COs because it emphasises the motivation of internal actors and provides a basis for assessing organizational progress and performance (ibid, p. 199). Fry (1999 cited in Ebrahim 2003, p. 1999) terms this as "felt responsibility" compared to externally driven accountability to donors or funders. In an effort to balance the plurality and often conflicting expectations of external and internal stakeholders, some authors have argued that COs that deliver services tend to emphasise accountability for their funders [donors] or principals [government agencies for public service contracts] and have weak accountability for users/beneficiaries (e.g. Bruce 1995, 1998; Ebrahim 2003).

- ***Revenue Acquisition.*** British COs have developed a variety of ways to generate their revenues. As discussed earlier in this chapter, changes in the policy context and wider external operating environment have exacerbated their search for new and continuing income to ensure their economic survival [also see Tables 3.4 and 3.5]. Although COs are increasingly embarking on trading activities to generate earned income, voluntary donations from individuals and businesses is are the traditional and defining sources of charitable income compared to commercial [for-profit] organizations (Moore 2000). Several authors have highlighted that the resource acquisition activities of COs and commercial [for-profit] organizations differ, and that this difference would make managing COs different compared to organizations in the private sector (Octon 1983; Mason 1984; Drucker 1990).

Hudson (2002) suggests that the ways in which COs acquire their various sources of funding are significantly different in terms of the nature of exchange/transaction compared to those of commercial [for-profit] organizations. As highlighted earlier, this difference is based on the theoretically weak link between user/beneficiary of the service provided by COs and the donor/funder that pays of it. In commercial [for-profit] transactions, there is a trading relationship whereby the 'customer' purchases a product or service from the company and pays the agreed price. The inherent funding dependency of COs on external parties would mean that they depend largely on donors/funders [voluntary and non-voluntary] to pay for their services provided to users/beneficiaries. There is therefore an indirect flow of resources from funder to user/beneficiary, through the CO. Moreover, the variety of revenue sources of COs could signal the willingness of different parties [e.g. donors, citizens, taxpayers, government, other VNPOs] to support their activities, thereby providing legitimacy for their cause/mission (Moore 2000).

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- *Culture and Values.* Several authors have highlighted that theoretically there are different internal values, such as participatory and egalitarian, and greater commitment towards equal opportunities in COs compared to commercial [for-profit] organizations (McGill and Wooten 1975; Leat 1995a; Courtney 2002). Moreover, the external orientation of COs has been described as non-competitive and co-operative. This is in contrast to their private sector counterparts, which are inherently competitive (Mason 1984; Wilson 1994).

However, some authors have argued that these differences are blurring because many commercial [for-profit] organizations are increasingly adopting co-operative/collaborative strategies and emphasizing stronger internal organizational cultures such as teamwork (Leat 1995a; Courtney 2002). Moreover, the notion that COs are characterized by informal and more participatory managed structures compared to the hierarchical, rational and goal-defined structures in commercial [for-profit] organizations is debatable. McGill and Wooten (1975) propose that both the informal and formal approaches of doing things in non-profit organizations exist, as do competitive and collaborative strategies (Wilson 1994).

What is perhaps more important as a defining difference in COs is their underlying motive for adopting their organizational values, structures and strategies. In this respect, the majority of authors are in agreement that charitable status imposes on COs certain constrains for pursuing competitive strategies (Wilson 1994; Leat 1995a). A high degree of conflict and tension could develop in COs between maintaining participative/co-operative goals and values that are based on the publics' perception of their dedication to public benefit and strategic initiatives that strive to achieve organizational dominance in increasingly challenging operating environments.

- *Governance.* A final key theoretical difference between managing COs and commercial [for-profit] organizations is their volunteer Board of Trustees or

Management Committee. They perform their custodial roles as defined by charity law [Charity Acts 1992, 1993] on a voluntary basis compared to the paid Board of Directors in the private sector (Leat 1995a; Courtney 2002). As highlighted in section 1.7 of Chapter 1, the CO's governing board is a special category of volunteers with legal obligations to ensure the activities of the charity adherence to its public benefit purpose and to safeguard its financial integrity. Hudson (2002) argues that the complexity of the work of the CO's governing board increases with the increase in diversity of its funding sources. Due to their legal and positional powers in governing the CO, the effectiveness [or lack of effectiveness] of the Board of Trustees has much influence in the major strategic decisions that affect the organization (Hudson 2002).

3.4.2   Professionalisation of management practices in charitable organizations

The external pressures discussed earlier in Section 3.3 have persuaded a growing number of COs to embark on 'professionalisation' of management practices (Chew 2003; 2006a, b). These are designed to help them improve performance, become more efficient and to maintain/raise funds to compete with other charities, arguably with organizations in the private and public sectors (Blackmore 2004; Chew 2006a, b). The greater dependence on earned income for many COs, and the growing complexity in their accountability to the different external stakeholders, have increased the momentum for COs to make the best possible use of their limited resources in pursuit of their objectives (Blackmore 2004). Moreover, as suggested by Sawhill and Williamson (2001), the lessons from the private sector and experiences of larger COs have proven useful to other COs, particularly in the areas of strategic planning, marketing, finance, information systems and organizational development.

The preceding review of the theoretical dissimilarities between COs and commercial [for-profit] organizations signals key challenges for the management of COs. Although, as Moore (2000) and Bryson (1995) have argued, there is a common need for organizations to have good governance and effective organizational strategies in any sector, the form of such strategies and the process of developing them would essentially differ in COs. This

variation stems from two important differences in COs, which have been discussed in the preceding section: their purpose/mission that needs to demonstrate a social 'raison d'être', and the inherent resource dependency on external parties for revenue to maintain economic survival.

Different schools of thought on the adoption of traditional business management/marketing theory and practice into VNPOs, including COs, can be identified in the literature. On the one hand, there are scholars who argue that VNPOs are diverse and fundamentally different from commercial [for-profit] organizations. Therefore, it is problematic to transfer generic business theory and practice into these organizations (e.g. Octon 1983; Paton and Cornforth 1992; Guy and Hitchcock 2000; Moore 2000).

Some others have argued for the need to develop theoretical models and management approaches that are derived from the context of non-profit organizations specifically for the use by these organizations rather than to look towards the private sector for answers to their governance/management problems (e.g. NCVO 1994; Clark and Mount 2001). The Chief Executive of NCVO, Stuart Etherington, suggests that the increasing pressures on COs to be efficient and to focus on performance improvements have resulted in a deluge of performance management tools that were meant for business being advocated for COs. He argues that the charity sector should develop specific tools that are "developed by us and for us" (NCVO 1994 cited in Blackmore 2004, p. 33). Guy and Hitchcock (2000, p. 44) suggest that the 'one size fits all' prescription offered by some business management models have limitations when applied to non-profit organizations because in comparison to commercial [for-profit] ones, they fail to appreciate the dissimilarities in the cultural and policy constraints that these organizations face.

On the other hand, other scholars have appreciated these dissimilarities and suggest the need for adaptation of contemporary management models when applied to non-profit organizations (Rees 1998). They view management models as having a lot to offer in terms of providing a starting point for developing approaches that can accommodate the particular context of VNPOs in general, and COs in particular (Bruce 1998).

These different schools of thought were evident from the review of the existing literature on SP in Chapter 2. Authors who advocated the important role that SP could play in non-profit organizations in general tend to describe the concept of positioning in similar ways as to how it is found in the commercial marketing literature (e.g. Lovelock and Weinberg 1989; Kotler and Andreasen 1996). However, a growing number of charity marketing scholars/researchers have acknowledged the need for adaptation in the types of PSs to develop the CO's distinctiveness (e.g. Wray 1994; Saxton 1996; Bruce 1998). Andreasen et al. (2005) argue that sectoral differences, and in particular, differences in organizational characteristics and culture, between non-profit and commercial [for-profit] organizations could pose as potential barriers for the transferal of marketing concepts, including SP approaches, in their entirety to non-profit organizations. NCVO (2004b) suggests that COs in the UK, that are increasingly involved in the delivery of public services need to review their strategic positions within the changing political, economic and social landscape.

Against this backdrop, a number of larger charities have embarked on SP to distinguish themselves from other organizations in their increasingly challenging and competitive environments. The next section explores the key influences that have arguably elevated the strategic importance of positioning for British COs.

3.5   Key Drivers for Strategic Positioning in Charitable Organizations

Hudson (2002) hints at some early indications of segmentation and differentiation in COs before the post-industrial era. In the second half of the 19th century, and after the introduction of the Poor Law Amendment Act 1834 in Britain, COs began to develop a more strategic approach to manage their activities. In an effort to encourage more self-help and less dependency on state welfare, they started to distinguish the poorest people with no resources, from those less deserving who could rely on workhouses for employment (ibid, p. 4). Contemporary charity marketing literature illustrates increasing

cases of positioning by COs (e.g. Wray 1994; Hibbert 1995; Bruce 1998; Kennedy 1998; Maple 2003). These cases perhaps reflect the growing recognition by charities of the important role of positioning in the charity's strategic planning in more challenging and competitive environments. This section highlights four key developments that have elevated the strategic relevance of positioning in COs since the mid 1990s (Chew 2003; 2005).

[1]   Impact of changing external environment on competition

The most important driver for the utilization of SP in COs is the impact of governmental policy developments and other external environmental changes on competitive intensity among COs, and between them and other organizations in the voluntary, public and public sectors. As discussed earlier in this chapter, this trend is increasingly prevalent in the UK's public services delivery. NCVO (2004a) suggests that the UK Government policies that favour widening participation with citizens and those giving them greater choice in public services, has led to an increase in competition between service providers and the various sectors in the country.

Additionally, commercial [for-profit] organizations are also increasingly forming partnerships with COs in marketing collaborations and cause-related marketing (Abdy and Barclay, 2000; 2001). Further, indirect or 'generic' competition can come from organizations who offer different products/services that provide similar benefits, therefore satisfying some basic need(s) of users/beneficiaries or donors/funders (Lovelock and Weinberg 1989; Andreasen and Kotler 2003). As a result of these and other contextual changes, COs would need to consistently focus their attention on strategic decisions. However, strategic efforts and concerns have not been given due attention by COs (Taylor-Gooby 1994; Wilson 1994). The challenge for them in general, is to be more strategically oriented, particularly, in the context of continued harsh economic, structural and competitive environments of the future (Drucker 1990; Bryson 1995).

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[2]   Pressures to search for new and continuing income sources

The second driver is the increasing pressure on COs to search for new/continuing income and income sources. COs face unique pressures because of their inherent dependence on external funding and the fact they use limited resources. One of the top management priorities cited by charity managers is maintaining funding in the new millennium (NCVO 1999). Moreover, attracting voluntary income when statutory funding has been increasing was a major concern for them (CAF/NCVO 2003). As observed by Bruce (1999), the rapidly increasing number of COs each year vying for a slower growing pot of voluntary income in the marketplace has made raising and maintaining income more difficult, and achieving long term financial stability much harder (Frumkin and Kim 2001).

Traditionally, registered charities derived their income from voluntary sources, such as legacies and donations from individual and corporations (NCVO 1996). The increasingly competitive environment has forced many COs to either cut back the scope of their activities or to search for new funding sources, for instance, by increasing product/service-derived revenues [fee-based activities] and fundraising activities (Kotler and Andreasen 1996). They have also diversified their income sources to include trading fees [selling their services and products] and government funding, in particular from delivering public services under contracts. Table 3.4 shows the main sources of income of registered general charities in the UK.

Table 3.5 compares the changes in the main sources of income of the period between 1995 and 2002. During this time, the number of general charities grew from 120,000 in 1995 to nearly 153,000 in 2002, which is an increase of 27% (NCVO 1996; 2004b). As it is shown in Table 3.5, the total income of general charities has increased by 76%. Income from the public sector demonstrated the most significant growth in terms of absolute amount in contribution [grants and contract fees]. Contribution from private sector corporations had also increased, although the absolute amount of income from them remained the lowest compared to contributions from the other sources. During this period, internally generated income, e.g. the interest earned from investments had fallen

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appreciably by 68%. In part, the impact on charity income demonstrates the effects of the fragile economic condition and changes in governmental policies on funding charitable services during these years.

Table 3.4: Income sources and types of UK General Charities in 2002

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(Source: Adapted NCVO 2004b, p.60)

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[1] The National Lottery is an important and significant source of income [grants] for charities. Various distributors among five causes distribute proceeds for the Lottery: charities, sport, the arts and heritage, and the New Opportunities Fund, which covers health, education and the environment. Funds for charities are distributed entirely by the Community Fund. £1.76 billion of grants were awarded to charities between 1996 and 2000 (NCVO 2002a; 2004b). Refer also to National Lottery Commission website www.natlotcomm.gov.uk; Camelot website www.camelotgroup.co.uk/index.jsp, Institute for Fiscal Studies – Charitable Giving and the National Lottery www.ifs.org.uk/charities/lottery.shtml

Table 3.5: Comparison of income of UK General Charities 1995/2002

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(Source: NCVO 1996, p. 27; NCVO 2004b, p. 61)

[3]   Impact of Resource Dependency

The third reason is the impact of resource dependency, other than funding, such as labour and skills dependency on positional advantage of charities. COs, like other organizations, require physical labour and expertise to create, deliver and promote their services and programmes. Charities compete for employees working for wages and other employment benefits similar to private and public sector organizations.

In addition, many VNPOs rely heavily on volunteers ranging from Board of Trustees or management committee members to people helping with various operational activities. Whilst employees working in the voluntary sector may be concerned with matters beyond financial compensation, such as psychic fellowship, security and flexible working conditions (Lovelock and Weinberg 1989; Kotler and Andreasen 1996), there is increasing pressure for COs to attract and retain key personnel and skilled volunteers. NCVO (2002a) reports that charities face shortages of skills in management, strategic use of information technology and strategic planning. Moreover, they are at risk of losing their competitive advantage for their traditional flexible working practices as private and public sector counterparts catch up by promoting the work-life balance in their organizations (NCVO 2004a).

[4]   Differentiating to stand above the crowd

The competitive operating environment in the charitable sector has created a greater range of services and products offered by COs. At the same time, uncertainty over the new contracting 'culture' on relationships between COs and the government [central and local] have reinforced the view that notions of partnership and trust, embodied in funding through grants, appeared to have been lost (NCVO 1996). Maintaining voluntary income has therefore remained a key goal for COs in the future (CAF 2004). These concerns have lead to the growth in utilization of advertisements and other forms of publicity in different types of media by COs to promote their cause/offerings to various targets audiences. This is particularly prevalent amongst larger COs. Mintel (2001) reported that the top 500 fundraising COs have increased their advertising expenditures in national broadcast and press media since the mid 1990s. The two most common promotional objectives were to generate awareness of their charitable causes and for fundraising to donors. Advertising expenditure by the top 500 charities grew 49% from £31.6 million in 1996 to £47.2 million by 2000 (ibid, p. 51).

The pressure is increasing for COs to identify their specific target audiences to which they can effectively reach and respond to. However, some researchers have observed that many COs lack clearly defined positions, making it hard for them to differentiate their mission/cause and message from others organizations that target similar audiences (Hibbert 1995; Bruce 1998). Positioning is based on the notion of differentiating the organization and its offerings from other providers with similar offerings. Therefore, authors have suggested that effective positioning at the organization level could provide COs with a strategic base upon which to develop clearer communication messages, and other tactical marketing efforts to promote the charity's distinctiveness to their target audiences (e.g. Lauffer 1984; Ries and Trout 1986).

3.6   Conclusions

This chapter began by attempting to conceptualise the UK charitable sector and charitable activities. It has drawn attention to the difficulty in identifying a single all encompassing definition that can adequately accommodate the complexity of these concepts. The review of the research context has established that British COs are operating in increasingly challenging environments in the new millennium. The evolving policy context and changes in the social-demographic, economic and technological landscape, in particular from the mid 1990s, have profound impact on managing COs. These changes have affected COs in different ways, reflecting the heterogeneity of the charitable sector and charitable activities.

The suggested theoretical differences between COs and commercial [for-profit] organizations have been explored. It is argued that an understanding of the key theoretical differences could provide a crucial starting point to explore the extent to which contemporary management/marketing approaches can be applied to the charitable context. Although these theoretical differences do not necessarily imply similar differences in charity management in practice, the review nevertheless provides an understanding of the potential challenges in adopting contemporary business management models into COs. Key influences on the professionalisation of management approaches and the emergence of SP in COs have also been identified. An understanding of the particular operating context of COs in this chapter, coupled with the previous literature review on the concepts of SP and PS in Chapter 2, provide this study with a basis for explaining and discussing its empirical findings in later chapters of this thesis. The following chapters will address the methodology and empirical stages of the study. The next chapter begins this effort by describing the research methodology and explaining the rationale for its adoption for the purpose of this study.

Chapter 4 : Research Methodology

4.1 Introduction

This chapter discusses the research strategy and methods that were employed in this study to fulfil the research aim and gather empirical data to answer the research questions. It begins with a review of the two main questions established in Chapter 1 and identification of subsidiary research questions. This is followed by a discussion of their influences on the research process and choice of methodology used in social research. The purpose is to highlight the interplay between the various research strategies and methods, and to justify the mixed methodology adopted in this study. Next, a methodological path established for this study is presented. It comprises three stages: conceptualization stage, survey stage and case studies stage. Methodological issues of sample selection, pilot testing, sources of data collection, data analysis procedures, and reliability and validity issues are described in each stage. In addition to the definitions of key terms adopted in this study as established in Chapter 1, this chapter provides a clarification on some further terminologies utilized, in particular, in the empirical stages of this study. Lessons learned from the research process are also reported. A summary of the chapter is offered in the conclusion.

4.2 Research questions reviewed and objectives identified

In the first chapter, two main research questions were established to address the aim of this study. It was also noted in Chapter 2 that there is limited existing literature and lack of empirical research in the area of SP in organizational contexts other than commercial [for-profit] ones. This study is arguably the first study of its kind to examine the SP activities of British COs within the wider sector of VNPOs in the UK. Due to this situation, it was necessary to begin the research process with a conceptualization stage. During that stage a review of the available literature and exploratory discussions were conducted with three academic experts who are knowledgeable in research on the UK voluntary sector and three managers responsible for strategic planning or marketing of

COs. The purpose was to identify, establish and refine the supporting questions to support the two main research (Neuman 2006, p. 155). These are elaborated as follows:

Main Research Question 1: To what extent are British COs undertaking strategic positioning [SP] activities?

The objective here is to explore and describe the extent to which British COs undertake SP activities. In order to answer the first question, the following subsidiary research questions [RQs] are identified:

RQ 1.1 To what extent do British COs undertake strategic marketing planning in their organizations?

RQ 1.2 To what extent do British COs undertake positioning strategy activities in their organizations?

RQ 1.3 What are the generic or core PSs pursued by these COs?

RQ 1.4 What are the various positioning dimensions used by these COs to differentiate their organizations from other charities/VNPOs?

RQ 1.5 In what ways are the generic/core PSs and the positioning dimensions identified in RQ 1.3 and RQ 1.4 similar or distinct from those advocated in contemporary strategy/marketing literature on positioning?

Main Research Question 2: What are the key factors that influence the choice of PSs in British COs?

The objective here is to identify and explain the key factors that could influence the choice of PS in British COs. In order to answer the second question, the following subsidiary research questions [RQs] are identified:

RQ 2.1 What are the key factors that influence the PS of British COs?

RQ 2.2 How do the key factors identified in RQ 2.1 affect the PS?

RQ 2.3 In what ways and why are the key factors identified in RQ 2.1 similar or distinct from those described in contemporary strategy/marketing literature on positioning?

RQ 2.4 How is a PS developed in COs?

RQ 2.5 In what ways and why is the process identified in RQ 2.4 similar or distinct from those advocated in contemporary strategy/marketing literature?

To summarise, a combination of 'what', 'why' and 'how' types of enquiries were established as research questions in order to adequately address the aim of this study. Together, they guide the choice of research strategy and methods that need to be used, and the sequence for the implementation of the research process (Blaikie 2006, p. 61).

4.3   Research strategies and methodologies

Before proceeding to identify the methodological path taken to answer the research questions in this study, this section considers the various possible research strategies, approaches and methods that could make up a research design, and their underlying epistemological and ontological assumptions.

4.3.1   Inductive and deduction strategies

According to DeVaus (1986), social research involves a constant interplay between observation and explanation. The development of good explanation involves two related processes: theory construction and theory testing. The process of theory development is an ongoing process between theory and observation and between theory construction and testing (Wallace 1971 cited in DeVaus 1986, p.20). Carson et al. (2001) contend that the main focus of social science research can be either theory building or theory testing. However, the distinction between theory testing and theory building is intrinsically linked to the issue of using either a deductive or an inductive strategy to research (Carson et al. 2001; Hammersley 1992). Blaikie (2000) suggests that researchers who use the deductive strategy might benefit from recognising the cyclical or iterative, rather than the linear nature of their research. For those researchers who use

the inductive strategy, he argues that induction cannot stand on its own as a method of theory development. Bryman (2001, p. 10) goes further to argue that in practice the process of induction has an element of deduction, and vise versa. For instance, the research process could begin with a phase of theoretical reflection on a set of data [induction]. This is followed by further data collection in order to establish the conditions in which a theory will and will not hold [deduction]. Another perspective is suggested by Carson et al. (2001), who argue that in practice, pure induction without the use of prior theory could prevent the researcher from benefiting from existing theory to guide data collection and analysis. Therefore, the process of theory development is arguably an iterative one, and could involve both strategies that have contrasting epistemological and ontological considerations (Blaikie 2000, p. 159). Figure 4.1 depicts the process of theory construction and theory testing as a cyclic process, which involves a combination of induction and deduction research strategies to provide an explicit link between theory and research (Blaikie 2000).

Figure 4.1: Induction and deduction in theory construction and testing

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(Source: Blaikie 2000 p. 158)

4.3.2 Quantitative and qualitative approaches

A review of the literature on research methodologies reveals the continuing debate about today's view of the role of quantitative approach versus qualitative approach in social science research. The quantitative approach is often associated with the positivist/post-positivist paradigm, and uses methods, such as surveys, experiments and observations, adopted from the physical sciences that seek to ensure objectivity and generalisability. Qualitative approach, on the other hand, is commonly associated with the interpretivist paradigm, and uses a range of methods to conduct detailed examination of the subject in its specific social-historical context (Neuman 2006, p. 151)

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However, several authors have argued that the choice between using quantitative and qualitative approaches should be made in terms of their appropriateness to answering the particular research questions (e.g. Black 1993; Bryman 1992; Saunders et al. 2000). Blaikie (2006) identifies that the quantitative-qualitative distinction in a research design is most evident at the stage where the methods chosen for data are selected, collected and analyzed, and highlights that the chosen approach has to match the requirements of the research questions posed in a useful and practical manner. It is therefore important in social science research to recognise the strengths of both quantitative and qualitative approaches and find similar grounds to use them as complementary ways to address the research problem (Bryman 1992).

4.3.3   Combining research approaches and methods

An outgrowth of the debate about the relative merits of quantitative versus qualitative research approaches has been the increasing support for combining different methods of data collection and analysis in research, in particular, as a means of triangulation to increase the confidence of research findings (Jick 1979; Mingers and Brocklesby 1995). There is increasing recognition among social science scholars that commensurability between research paradigms is possible, and therefore, it is possible to accommodate a combination of quantitative and qualitative approaches and methods within each research strategy (e.g. Guba and Lincoln 1994; Bryman 1992; Mingers and Brocklesby

1995; Blaikie 2006). Lincoln and Guba (2000) view methodologies as being interwoven with and emerge from the nature of particular disciplines and particular theoretical perspectives. Increasingly, boundaries shift between research approaches and it is possible to accommodate and combine quantitative and qualitative methods (Geertz 1993; Guba and Lincoln 1994; Lincoln and Guba 2000). All research involves both deduction and induction as the process of knowledge building move from ideas to data as well as from data to ideas (Hammersley 1992). There is no fixed relationship between particular views and the use of particular methods, whether they are quantitative or qualitative ones. Carson et al. (2001) argue that methodologies, which traditionally allow for positivist or quantitative characteristics, in particular in services or marketing research, can also be used in interpretivist or qualitative approaches. Additionally, methodologies that allow for interpretivist approaches can be used in any combination in a particular study (ibid).

Therefore, it is arguably more constructive for social science research to recognise the strengths of both quantitative and qualitative approaches and methods, and to find similar grounds to use them as complementary ways to address the research problem, than to debate about their differences (Blaikie 2006). This contribution is particular evident when one recognizes that the process of social research goes through a number of stages and has different requirements at each stage. Pluralism in the use of strategies and methods is required in the research process (Mingers and Brocklesby 1995).

4.4 Methodological path followed in this study

4.4.1 Research methodology stages

After a careful review of the theoretical underpinnings of the research design, the arguments on methodological choices, and taking into consideration the research objectives and questions, it was decided that a combination of quantitative and qualitative methods was needed to answer this study's research questions at different stages of the research process (Mingers and Brocklesby 1995).

An inductive research strategy with an element of deduction was adopted in this study (Bryman 2001). Utilising different methods with different ontological positions is possible at different stages in the research process (Blaikie 2006, p. 271). A mixed-methodology approach for this study is desirable for several reasons:

(1) Different perspectives are necessary to deal effectively with the complexity and multi-dimensional richness of contemporary real world problem situations (Mingers and Brocklesby 1995).

(2) Investigating complex social and organizational issues is not often a discrete event, but a process that typically involves various distinct stages (Easterby-Smith et al. 2002). Each stage of the research has its particular purpose and hence adopting a mixed methodology in a complementary way is useful for addressing social research problems (Roberts 2002).

(3) Each research method has its strengths and limitations. The use of multiple methods aims to exploit the strengths and neutralize the limitations of the single method (Denzin 1978a,b; Jick 1979).

(4) Reflects the increasing acceptability of post-positivistic paradigms in social scientific knowledge and discourse (Delanty 2000).

(5) As established in sub-section 4.3.3, a mixed-methodology has the advantage of providing complementary effects through triangulation (methodology and data) to increase the validity of the research findings (Denzin 1978a, b; Jick 1979).

In addition, Yin (2003) suggests that different research methodologies can be used for different types of research purposes – exploratory, descriptive or explanatory. Each aim to satisfy the form of research questions asked, the researcher's degree of control over behavioural events, and the degree of focus on contemporary as opposed to historical events.

Figure 4.2 summarises the methodological path and the research stages followed in this study. It consisted of three main stages: [1] conceptualization stage, [2] exploratory

postal survey stage, and [3] multiple cross-sectional case studies stage. As highlighted in sub-section 4.2, the conceptualization stage involved defining the research topic, identifying broad research objectives and establishing research questions to be answered for this study.

Complementarity of findings from a mixed methodology approach served the research purpose, choice of questions and expected outcomes at different stages in the research process of this study. The conceptualization stage included a review of the relevant literature and exploratory discussions with this researcher's supervisor, academic peers in the field of charity management/marketing and from practitioners in the charity sector. An initial organizing conceptual framework of the factors influencing PS was drawn up. Appendix 1 shows the preliminary exploratory discussion guide. The organizing framework provided a guide for the data collection and analysis in Stages 2 and 3 in the research methodological path, which are described in more detail in sub-sections 4.5 and 4.6 respectively.

The exploratory postal survey aimed to provide an initial empirical foundation for the research, in terms of the extent of SP activities in COs. However, it is limited in its ability to establish deeper understanding of the research issues, in particular, from the perspectives of different context/actors. The case study's strength is its ability to provide depth in explanations (Yin 1994; 2003). The findings from the case studies stage will be used to refine a theoretical model that integrates the multi-dimensional factors that could influence the PSs in COs conceived from the literature review and the exploratory survey stage. Convergent or divergent results that arise from using a combination of research methods at specific stages in this study, can therefore stimulate theoretical development and suggest new directions for future research (Blaikie 2006, p. 275)

Figure 4.2 : Methodological path followed in this study

Conceptualize and structure the research topic & aim
Identify main research questions

Literature Review

Exploratory discussions with supervisor, other researchers/academics, and charity practitioners

STAGE 1
Conceptualisation

Supporting Research Questions and Key Themes

STAGE 2

Exploratory Survey

Explore and describe the extent of SP activities in charities; develop indicators for concepts; construct questionnaire and scales; establish reliability and validity.

Data Collection Method
* Self-Administered Postal Questionnaire
* Purposive Sample of General Welfare and Social Care (GWSC) charities
* Final sample of 95 GWSC charities
Data Analysis techniques
* SPSS 10 for Windows
* Frequency tables, cross tabulation, chi square tests for significance
* Non-parametric tests for relationships in bivariate analysis
Reliability & Validity
*Cronbach's Alpha test for scales (internal) reliability
* Non-response analysis
* Report of findings to respondents to get feedback
* Academic papers/reports presented on methodology & findings for peer/industry review.

Initial Organizing Conceptual Framework of Factors influencing Positioning Strategy

Mapping of SMP and PS Activities of GWSC Charitable Organizations

Iterative Process

Towards a n Theoretical Model of Factors influencing Positioning Strategy in Charitable Organizations

STAGE 3

In-depth Case Studies

In-depth investigation of key themes arising from survey findings in different case contexts, develop model of influencing factors; establish reliability and validity.

Data Collection Methods
* 4 cross-sectional cases among survey respondents
* Semi-structured interviews
* Documents
* Group discussions
* Site/branch office visit

Data Analysis Techniques
* Establishing themes from interview transcriptions
* Document Content Analysis
* Pattern identification of themes across cases
Reliability and Validity
* Case Study Protocol for reliability
* Data Source Triangulation for validity;
* Feedback of findings to case organizations to improve validity of findings
* Academic papers presented on methodology & findings for peer /industry review.

4.4.2   Classification of charitable organizations used in this study

The definition of COs and the charitable sector had been established in Chapters 1 and 3 respectively. In addition, this study has adopted the Charities Aid Foundation's (CAF) classification of British COs. In particular, it is among the top 500 charities in Britain. The CAF ranked the top 500 charities in its annual directory in terms of annual voluntary income generated, and classified voluntary income by broad types of charities, type of causes, and means of giving (CAF Dimensions/Charity Trends). This directory has been used as a sampling frame and as a key source of charity data in previous research on charities and in charity marketing (e.g. Hibbert 1995; Hibbert and Horne 1996; Kendall and Knapp 1996; Saxton 1996; Balabanis et al. 1997; Key Note 1997; Bruce 1998; Sargeant 1995, 1999; Abdy and Barclays 2001; Hankinson 2001, 2002; Salamon and Anheier 1994; Mintel 2001; Directory of Social Change 2002; NCVO various years). Appendix 2 shows the CAF's (2003) classification of charity sub-sectors among the top 500 British fundraising COs.

In utilizing the CAF's classification of COs, this study recognised that charities in the UK had been traditionally classified in different ways and as part of the wider voluntary sector. Industry observers, scholars and researchers in the charitable sector generally acknowledge that there is currently no single best approach that can adequately accommodate the activities of VNPOs and COs (Kendall and Knapp 1996; NCVO 1996; Mintel 2001). Not all of these classifications accommodated the diversity of charities or the functions they perform in an adequate fashion, such as the International Classification of Non-Profit Organizations [ICNPO], the National Taxonomy of Exempt Entities [NTEE], and the Charity Commission's classification, which provided a high-level schema of distinctions between charities that serve different user/beneficiary groups, and undertake different functions in various industries (NCVO 1996). It was decided that adopting the CAF's classification would be a more appropriate sampling framework for this study and would consequently identify sub-sectors for in-depth investigation and comparison.

4.4.3   Definition of voluntary income in this study

Osborne and Hems (1994) highlighted the difficulties in estimating the income and expenditure of UK charities, mainly because the charitable sector is highly diverse and there remains a lack of accurate and comparable information on all charities in the sector. In the same vein, indicators of voluntary income differ vastly in methodology and consistency, and comparisons over a longer time scale could be unreliable or impossible (Mintel 2001). The Charity Commission considers voluntary income of registered charities to include all monetary gifts, subscriptions and legacies from individuals, gifts from companies and grants from other charities or trusts.

Since 1977, CAF has tracked the income and expenditures of the largest registered fundraising charities in the UK, and reproduced the data in its annual directories, namely, Charity Trends/Dimensions (various years). This study had adopted the CAF's 2003 directory of top 500 fundraising charities as its sampling frame [see sub-section 4.5.2 below], therefore it had also utilized the CAF's definition of voluntary income as derived by the top 500 fundraising charities in order to ensure consistency in the measures of income sources used in the study. This definition closely followed the Charity Commission's definition and included all forms of voluntary donations, gifts and legacies from the public, revenue from charity shops, grants from other charities and trusts, and contributions from the national lottery.

4.4.4   Definition of statutory income in this study

Statutory income of COs in this study follows the definition used by CAF (2003), and comprised of grants received from local and central government, and contract income for services delivered to central or local government. Statutory income is classified as part of non-voluntary income of charities by the CAF and NCVO.

4.4.5 Definition of total annual income in this study

Total income of the COs in this study comprised of voluntary income and non-voluntary income. In addition to statutory income, non-voluntary income included grants from other bodies besides government, grants from subsidiaries and affiliates, trading fees and income from rents and investments (CAF 2003).

4.5 Exploratory Survey Stage

4.5.1 Purpose and research questions

The second stage of the methodological path was exploratory research to find out the extent to which SP activities were undertaken by COs. An inductive research strategy was adopted and the postal survey method was used to gather predominately quantitative [with some qualitative] data to answer the following subsidiary research questions [RQs] identified from the conceptualization stage:

RQ 1.1 To what extent do COs undertake SMP activities in their organizations?

RQ 1.2 To what extent do COs undertake PS activities in their organizations?

RQ 1.3 What are the generic or core PSs pursued by charitable organizations?

RQ 1.4 What are the various positioning dimensions used by COs to distinguish themselves?

RQ 1.5 In what ways are the generic or core PSs and the positioning dimensions identified in RQ 1.3 and RQ 1.4 similar or distinct from those advocated in contemporary strategy/marketing literature on positioning?

RQ 2.1 What are the key factors external and internal to COs that influence their PS?

RQ 2.4 In what ways are the key factors identified in RQ 2.1 similar or distinct from those in contemporary strategy/marketing literature?

It was highlighted by Gill and Johnson (1997) and Carson et al. (2001) that the survey method occupies a variable, intermediate position between ethnography (interpretivist paradigm) and experimental research (positivist paradigm) along the methodological

continuum. Survey methods can be either analytic surveys or descriptive surveys depending on whether theory is to be tested deductively by elucidating cause and effect relationships among a set of phenomena, or whether the aim is to assess the characteristics of a population of subjects in an inductive way (Gill and Johnson 1997).

The choice of survey type would depend on the research objective and questions to be answered. It was decided that a descriptive survey was appropriate at this stage of the study to provide a broad and initial understanding of the topic by exploring the SP activities in the sample of COs. In contrast to an analytic survey, a descriptive survey is concerned primarily with addressing the particular characteristics of a specific population of subjects, either at a fixed point in time or at varying times for comparative purposes (Gill and Johnson 1997). Preliminary findings that emerge from the postal survey could then be investigated in more detail at the next stage of the research methodological path by using cross-sectional case studies to ascertain the extent of SP activities, constraints and problems faced by charity managers.

4.5.2   Sampling frame and sample selection

It was mentioned in sub-section 4.4.2 that the sampling frame adopted in this study and the survey was the CAF's Charity Trends directory of the Top 500 British COs (CAF 2003). This directory has been used and referred to in several research studies on charities, and therefore can be considered to be an authoritative source. The large number of registered charities [over 185,000 charities as at December 2004] and the fact that over 78% cent of total annual income of all registered charities came from only 2.5% of charities with total income £1 million and above (Charity Commission 2004a), suggests that it was more practical, feasible and cost-effective for this doctoral study to survey the top registered charities in addressing the research objective at this exploratory stage of the research. The directory was also a good source of secondary data on charities in the UK. This helped to complement the empirical data that the survey seeks to generate.

The General Welfare and Social Care [GWSC] charitable organizations from among the top 500 fundraising charities in Britain (Charity Trends 2003) was chosen as the sample for this study. GWSC sub-sectors were chosen because of four main reasons: [1] their increasing public profile in delivering social care/public services in the country; [2] their influence and contribution to policy making in the social care and community development at national and regional levels, [3] their significance in terms of income generated and workforce employed, and [4] the inherent heterogeneity of the COs that operate in these sub-sectors could provide interesting findings about their SP activities.

GWSC charities operate in six sub-sectors: Other General Welfare [Other GW], Children, Benevolent Funds [Ben Funds], Elderly Care [El Care], Service Ex-Service [SES] and Religious General Welfare [Rel GW]. This sub-sectoral classification followed that used by the Charities Aid Foundation (CAF 2003) and Mintel (2001) for the top 500 UK fundraising charities. Appendix 2 also shows the classification of GWSC sub-sectors. Collectively, GWSC charities make up a sizable 23.6% of the total number of COs in the sampling frame, and contribute 23% of the total annual income of these organizations in 2002 (CAF 2003). GWSC charities generated the highest voluntary income among the top 500 fundraising charities (ibid). However, they were also receiving substantial statutory income from delivering services under contract to both central and local governments. 30% of their total income in 2002-03 came from government contracts and fees, making this proportion the highest among all the sub-sectors in the top 500 fundraising charities (CAF 2004).

4.5.3 Postal questionnaire

A self-administered postal questionnaire was utilized to gather data from a purposive sample of GWSC charities, as explained in the previous sub-section 4.5.2. The use of a postal questionnaire at this exploratory stage of the research provided advantages, which were: generating interesting variables, enabling coverage of a large sample, and being relatively efficient (DeVaus 1996; Gill and Johnson 1997). A purposive sample is commonly used in exploratory research (Remenyi et al. 1998; Saunders et al. 2000),

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where the main aim is to select a sample for a particular purpose in mind rather than to produce statistical generalisation of the findings. Additionally, the exploratory survey served as a basis for further in-depth investigations using case studies (Stake 1995; 2000) in Stage 3 of the research process.

4.5.4   Scales development

Two Likert-style summated rating scales were developed for the purpose of this study to measure the extent of SMP and PS activities that were carried out in the sample. Scale questions are often used to collect attitude and belief data: the most common approach is the Likert-style summated rating scale (Foddy 1993).

The lack of similar existing measures in the extant literature and empirical studies on the charity context meant that the measurement of SMP and PS had to be constructed specifically for this study. SMP and PS activities and the terminology developed in the questionnaire were drawn from the non-profit strategic marketing literature (e.g. Lovelock and Weinberg 1989; Kotler and Andreasen 1996; Sargeant 1999; Andreasen and Kotler 2003) and subsequently adapted for the charity context in this study. The survey exploratory discussions conducted during the conceptualization stage had helped in this adaptation process, especially in the type of activities and appropriateness of language in the questionnaire.

In particular, this study distinguishes between market research and segmentation activities that were aimed at two main target audiences/stakeholders of COs, namely, service users/clients/beneficiaries and funders/donors. Furthermore, the SMP scale specifically included 'Developing Fundraising Plans' and 'Developing Communication Plans' as these two activities were highlighted by discussants during the exploratory discussions and were cited by several authors as part of the marketing planning activities in COs/VNPOs (e.g. Sargeant 2005; Kotler and Andreasen 1996; Bruce 1998; Andreasen and Kotler 2003). The PS scale included activities that closely represented the three components depicted in the initial organizing conceptual framework of factors

which influence PS in COs [see Figure 2.2]. These were identified from the literature review and exploratory discussions during the conceptualization stage of this study.

The SMP scale was a composite of thirteen items [activities] of key marketing planning activities at the strategic level, while the PS scale comprised of six items [activities] depicting the key positioning strategy activities for this study. Each item denoted an activity on the scale, which was measured using a 10-point response format ranging from 1 [small extent] to 10 [large extent]. (See Chapter 5 sub section 5.5.2 and 5.6.2 for items in these scales).

Andrews (1984) suggests that labeling all categories of a scale rather than only the end categories produces data of poorer quality. Results of several studies on reliability and validity of rating scales with different number of categories suggest that results are best with at least seven categories (Foddy 1993). For instance, Kardes and Kalyanaram (1992) used an 11-point summated rating scale [0 to 10] to provide an idea about the certainty with which a respondent can accurately reflect his/her evaluation of three different brands in their study. Their reported internal reliability of Cronbach's Coefficient Alpha in that study was higher than .93 for each brand. Andrews (1984) investigated the validity of data produced by rating scales ranging from 2 to 20+ categories in large-scale surveys and concludes that the construct validity of rating data goes up as the number of categories increases. Matell and Jacoby (1972) found that the percentage of uncertain responses goes down as the number of categories in a scale goes up. Therefore, the use of the SMP and PS scales comprising of greater response categories in this study was aimed at enhancing the quality of the data generated.

4.5.5 Postal survey steps

The postal survey was carried out in six steps from January 2004 to August 2004. Literature on survey methodology and questionnaire design was extensively consulted in Step 1, referring to authors such as Dillman (1978); Foddy (1993); Robson (1993); Fink (1995a,b); Bruner and Hensel (1996); DeVaus (1996); Gill and Johnson (1997);

Saunders et al. (2000). The unit of analysis was the organization [the CO], and the targeted respondent was the director/manager/officer who had responsibility to plan, organize or implement the strategic planning, marketing, positioning and/or fund-raising activities in the surveyed charity. This was followed by exploratory discussions in Step 2 with three charity practitioners and three academic experts to identify key themes for the survey, to gather ideas on the design of the survey questionnaire and its measurement scales, and to guide the development of the preliminary framework of the factors that could influence the PS of the charity.

Step 3 was pre-testing the survey questionnaire, which was carried out in February 2004. Comments about the content, layout and 'language' of the questionnaire were obtained from a panel comprising of three academic experts in marketing/non-profit sector, three charity marketing practitioners, and five senior doctoral research students who were involved in marketing/voluntary sector studies. Pre-testing using a panel aims to establish content validity (Mitchell 1996) and enables necessary amendments before the pilot test (Saunders et al. 2000).

Revisions were made on the final draft of the questionnaire and the covering letter for the pilot test in Step 4. Ten randomly selected charities [seven in the GWSC sub-sectors and three from other charity sub-sectors] among the CAF's top 500 fundraising charities (CAF 2003) were contacted by telephone/email and were invited to participate in the survey. Fink (1995b) recommends that the minimum number of cases for a questionnaire pilot study is ten, while Saunders et al. (2000) argue that the pilot test should be conducted with a group of respondents that is as similar as possible to the final population in the sample. This study has followed these general guidelines to ensure overall reliability in the survey method utilized.

A telephone script was used to ensure consistency in communication with potential respondents. In addition, pilot test respondents were asked to complete a short feedback form (Bell 1999), which aimed to provide inputs on the clarity and layout of the questionnaire, clarity of the covering letter, and the difficulties that the respondents may

have faced when completing the questionnaire. The pilot study, therefore, aims to enhance construct or face validity of the survey instrument, namely, the questionnaire (Bell 1999). Appendix 4 shows a copy of the pilot test feedback form.

No significant problems were reported by the pilot study respondents in completing the questionnaire as instructed. The time taken to complete the questionnaire ranged between 10 minutes to 15 minutes. On reviewing the comments from respondents, it was decided that no change was required for the questionnaire and only slight revisions were needed to enhance the clarity of the covering letter. The length of the questionnaire [six A4 pages] was retained as this fell within the acceptable range for postal questionnaires (Saunders et al. 2000, p. 300).

As there was no change made to the piloted questionnaire, respondents from the seven GWSC charities in the pilot study were included in the total final respondents in the survey questionnaire. This approach has been used in a similar way in previous empirical research, e.g. Bennett and Gabriel's (1998) study on direct marketing managers in a sample of top 250 fundraising charities in UK. They included the 50 pre-test respondents in the final response rate in that study.

Before the final version of the postal questionnaire was launched, pre-notification calls were made by telephone in Step 5 to 113 GWSC charities identified in the CAF Charity Trends directory of top 500 fundraising charities in the UK (CAF 2003). This aimed to establish initial contact with potential respondents and to verify mailing addresses. During the pre-notification calls, 18 COs declined to participate without viewing the contents of the questionnaire [eight Benevolent Funds, two Religious General Welfare, two Elderly Care, three Other General Welfare, and three Children]. The main reasons given were: the charity's policy was not to participate in surveys, they had no time for surveys, and that the charity staff were mainly personnel delivering services and were not able to competently complete the questionnaire on management matters.

The final step in the survey phase was the launch of the questionnaire between April and July 2004 to a final sample of 95 GWSC charities [113 less 18 charities declined at pre-notification calls before mailing]. From the outset, techniques for raising the questionnaire response rate were followed (e.g. Foddy 1993; Fink 1995a,b; Jobber and O'Rielly 1996; DeVaus 1996; Bell 1999; Saunders et al. 2000). A covering letter, questionnaire and freepost reply envelope were enclosed in each outbound mail. First class stamps were used for the mailings to raise a perceived importance of the study. Additionally, the questionnaire was printed as an eight-page booklet in warm green colour. This aimed to provide a professional appearance and to raise the perceived importance of the study. The covering letters were printed on good quality paper with the Aston Business School logo and a freepost reply envelope was enclosed in each outbound mail. Appendix 5 provides a copy of the covering letter and final questionnaire for this stage of the study. Respondents were promised a report of the survey results as an incentive for their participation.

4.5.6 Survey respondents

Respondents were from the six sub-sectors of the GWSC sample as shown in Chart 4.1. The effective response rate achieved was 54%, which is a good response rate when compared to that reported in other postal questionnaire surveys conducted on the top 500 charities in UK (e.g. Sargeant 1995; Balabanis et al. 1997; Hankinson 2002). The effective response rate was the final number of usable questionnaire received [51 pieces] divided by the final number of questionnaire posted after the pre-notification step [95 pieces]. It has been noted that past quantitative survey research on the UK charities had yielded mixed response rates, e.g. Hankinson's (2001; 2002) study on Brand Orientation of the top 500 fundraising charities achieved a relatively high response rate of 64% as a result of using a combination of techniques including a sponsor; while Sargeant's (1995) survey of 410 top charities on donor market segmentation achieved a response rate of 20%.

Chart 4.1: Respondents in General Welfare & Social Care Sub-Sectors (Total 54% Effective Response Rate)
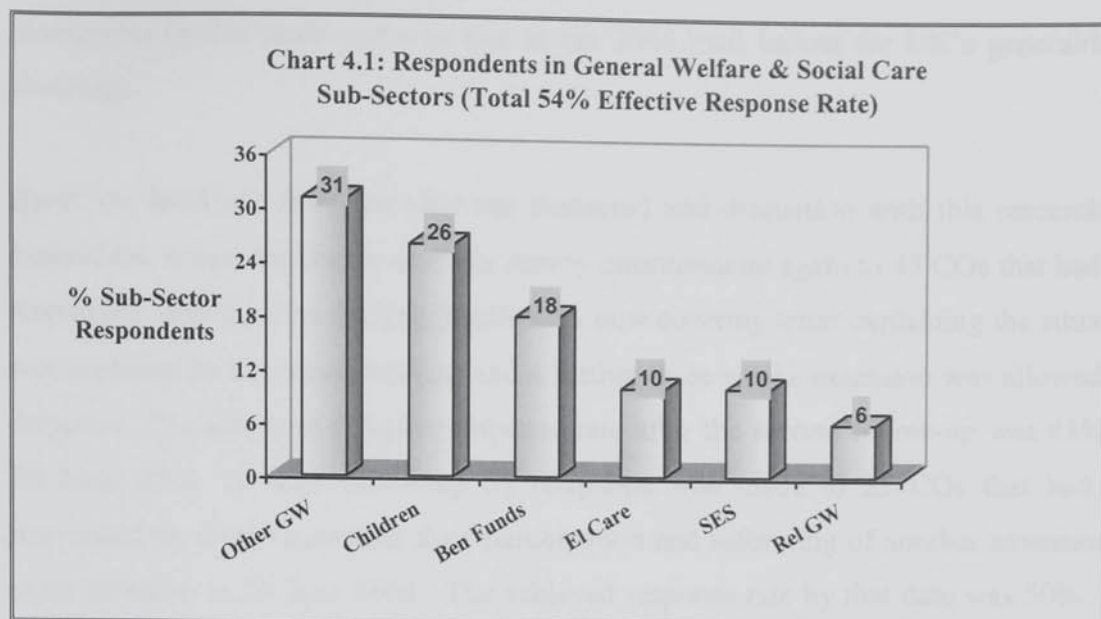
The survey questionnaire was completed by persons knowledgeable in the planning and/or the implementation of corporate/marketing strategy and positioning activities in their organizations. Their positions included Heads of Department and Senior Managers/Managers of Marketing, Communication or Public Relations [35%], Directors of Marketing, Communication, Public Relations, Fundraising or Development [29%], Executives/Coordinators [20%], Chief Executives [12%], and other positions such as Administrators and Controllers [4%].

4.5.7   Non-responses

Conscious efforts were made to follow-up actively on non-respondents in order to reduce non-response bias. Time and budget constraints prevented further follow-up on non-respondents after four attempts to contact them. The deadline for the responses for the first mailing was 5 May 2004. The effective response rate by this date was 28%. Telephone calls to a random sample of 15 COs that were mailed the questionnaire revealed that five of them or 30% had not received the mailing. In addition, another 30% of those COs informed that they had mailed back their completed responses but they had not been received this researcher. During this period, there were several high profiled media [television, radio and national daily newspapers] reports about

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disruptions in the postal services due to the 2004 mail ballots for UK's general/local elections.

Based on feedback from the charities contacted and discussion with this researcher's supervisor, it was decided to mail the survey questionnaire again to 45 COs that had not responded after the first mailing deadline. A new covering letter explaining the situation was included in the repeat mailing and a further three weeks extension was allowed for response. The achieved effective response rate after the second follow-up was 43% by 28 May 2004. A third follow-up by telephone was made to 25 COs that had not responded by then, requesting their participation and informing of another extension of reply deadline to 30 June 2004. The achieved response rate by that date was 50%. The fourth and final follow-up by telephone was made, and the achieved response rate was 54% at the final deadline of 31 July 2004. Table 4.1 provides a summary of the breakdown of responses in the sample GWSC sub-sectors in the survey stage.

Table 4.1: Summary of survey questionnaire mailing response from April to 31 July 2004

Sub Sectors of GWSC Charities	Number in sample	% in Sample of 113	Declined At Pre-Call	Pilot + Final Sample Mailed	Effective Response as at 31/7/04	Responses as % of final sample of 95
Other General Welfare	33	29 %	3	2 + 28	16	31 %
Children	27	24 %	3	3 + 21	13	25 %
Benevolent Funds	27	24 %	8	1 + 18	9	18 %
Elderly Care	9	8 %	2	7	5	10 %
Religious Gen Welfare	9	8 %	2	7	3	6 %
Service/Ex-Service	8	7 %	0	1 + 7	5	10 %
Total For Sub-Sectors	113	100 %	18	7 + 88 = 95	51	100 %

1st MAILING RESPONSE BY 5 MAY 04   *FINAL EFFECTIVE RESPONSE RATE (51/95)= 54%*
DEADLINE for 1st FOLLOW-UP 28 MAY 04
DEADLINE for 2nd FOLLOW-UP 30 JUNE 04
DEADLINE for 3rd FOLLOW-UP 15 JULY 04
DEADLINE for 4th FOLLOW-UP 31 JULY 04

Reasons for non-responses were analyzed and did not pose significant non-response bias (Hoinville et al. 1978). Table 4.2 shows the breakdown of reasons given by non-respondents. The common reasons given were no time to participate, against organization policy to participate in surveys, the organization was undergoing a period of management restructuring and therefore could not participate, and the person in charge was away or on leave for an extended period of time.

Table 4.2: Breakdown of reasons for non-responses in postal survey

	As at 28/05	As at 30/06	As at 15/07	As at 31/07	%
Issued sample (General Welfare and Social Care Charities in Britain among CAF's Top 500 fundraising charities 2002/03)	113	113	113	113	
Declined at pre-notification (before viewing the survey questionnaire – charity policy not to participate in surveys, not interested, no time, wrong address)	18	18	18	18	
In-scope addresses (mailed covering letter, questionnaire and freepost reply envelope)	95	95	95	95	100
Effective in-scope mailed addresses as at date (includes 7 piloted GSWC respondents)	95	95	95	95	100
Breakdown of non-responses (as at date)					
Unable to participate (no time, charity policy)	11	11	12	13	14
Unable to participate (change of manager in charge of strategic planning/marketing; in process of management structure changes)	3	3	3	3	3
Known to be away temporarily (maternity leave/away on leave)	4	4	4	4	4
Charity does not have managers in charge of detailed marketing planning	11	11	11	11	11
Unable to contact after four attempts	12	12	13	13	14
Total non-response as at date (out of 95 in-scope mailed)	41	41	43	44	46%
Following up as at date	13	6	2	0	
Final Effective Responses (51 / 95)	41	48	50	51	54%

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4.5.8 Survey data analysis techniques

Data gathered from the postal questionnaires was analyzed using SPSS Version 10 computer software for Windows. The choice of statistical data analysis techniques to be used depends on: [1] the type of research question to be answered, [2] the number of variables - univariate, bivariate or multivariate, and [3] the level of measurement - nominal, ordinal or interval/ratio (Zigmund 2000). As the main objective of this stage of the research was exploratory, and in consideration of the purposive sample, the techniques that were used to analyse the responses were essentially descriptive in nature (Pallant 2001). The intent was to provide an initial overview of the PS activities of charitable organizations. Statistical approaches used to manipulate the data were as follows:

- Descriptive analysis of characteristics of the respondents and the extent of SMP and PS activities undertaken by them according to the SMP and PS scales, and the key factors that influenced the choice of PS.

- Bivariate analysis to describe the strength and direction [linear correlation] between two variables. Both parametric test [Pearson's Correlation] and non-parametric test [Spearman's Rho] were used to ascertain strength of competitive intensity and for correlation between SMP and PS activities in respondents as a group and between sub-sectors.

- Chi-square test for independence to explore significant relationships between respondents adopting different generic or core PSs and organizational [categorical] characteristics, such as, age, size of paid staff, total annual income, proportion of voluntary income and statutory funding, and perceived level of competition

- Cronbach's Coefficient Alpha test to determine the internal reliability of the SMP and PS scales.

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Results of the data analysis were organized and presented using frequency tables, cross tabulations and appropriate charts. These findings are reported in Chapter 5.

4.5.9 Reliability and validity in survey stage

Reliability in social research is concerned with whether the results of a study are repeatable. For quantitative methods such as survey questionnaire, reliability is often about whether the measures used to represent concepts or constructs are consistent (Bryman 2001). Validity is concerned with the integrity of the results or conclusions that are generated from a research study. It comprises of measurement or construct validity, internal validity and external validity (ibid, p. 30). Efforts to enhance reliability and validity in the survey stage were carried out in the following ways:

- The internal reliability of SMP and PS scales were measured by correlating responses to each question in the questionnaire with those of other questions in the questionnaire (Mitchell 1996). In the survey questionnaire design, internal reliability was also enhanced by developing multiple-item indictors for operationalising the SMP and PS constructs to be measured (DeVaus 1996).

- Cronbach's alpha coefficient test was used in SPSS analysis. This test is one of the most commonly accepted indicators of the internal consistency of a quantitative scale (Cronbach 1951; Pallant 2001). The internal reliabilities of both SMP and PS scales in this study were good. Cronbach's alpha coefficients were .8430 and .8082 respectively [see also sub-section 4.5.8 and Chapter 5]. The resultant alpha values of both the scales exceeded .7, which meant that the scales were considered reliable with the sample.

- Techniques to improve the summated rating scales for SMP and PS measures in order to improve reliability (Andrews 1984, p. 170) were followed as outlined in sub-section 4.5.4. In addition, each Likert-scale incorporated a filter score of zero [0] to indicate non-activity for an activity [item]. The order of the questions

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allowed respondents to look over the whole range of activities [items] in the questionnaire sections before responding.

- Construct validity is also referred to as face validity, which is concerned with whether a measure actually reflects the concept or construct that it is supposed to denote (Mitchell 1996). Construct validity presupposes that a measure is reliable (Bryman 2001). It was highlighted in sub-section 4.5.5 that steps were taken to elicit feedback from a panel comprising of charity practitioners and academic experts/senior researchers during the exploratory and pre-testing steps in the survey stage. Feedback was also sourced from respondents during pilot test of the questionnaire to assess the appropriateness of the items in the scales and descriptions of other measures for use in the charitable context. The intent was to enhance construct or face validity of the survey instrument used in this study.

- External validity is concerned with whether the results of the survey can be generalised beyond the specific research context. Although the sample for this study was a purposive one [i.e. focused on GWSC sub-sectors], the survey findings and preliminary conclusions were communicated to practitioners in other charity sub-sectors and to academic peers, besides the survey respondents, in order to gather feedback and ascertain applicability to the wider charitable/ VNPO sectors.

- Internal validity relates to the issue of causality between two or more variables. The objective of the survey was exploratory, and not establishing causality at this stage of the study meant that this measure of validity was not possible to establish.

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4.6   Case Studies Stage

4.6.1   Purpose and research questions

Stage 3 of the study utilized multiple cross-sectional case studies in order to investigate the research questions that involved the 'why' and 'how' types of enquiries. In addition, three key themes had emerged from the exploratory survey in Stage 2, which were investigated in more detail at this stage to answer the subsidiary research questions [RQs] established at the conceptualization stage. These were:

- **Process**: How was SP developed in the case organizations [RQ. 2.5]? Were there similarities or differences between the cases, and what were the reasons for these [RQ 2.5]?

- **Strategy:** What were the components of the case organizations' PSs? [RQ 1.3, RQ 1.4]. Why were these adopted? Were there similarities or differences between the cases, and what were the reasons for these [RQ 1.5]? Had the PS changed since inception? What prompted or caused that change, if any?

- **Influencing Factors**: What were the key factors that influenced the case organizations' choice of PS? [RQ 2.1]. How have they affected the organization's strategic position [RQ 2.2]? Were there similarities or differences between the cases in the influencing factors, and what were the reasons for these [RQ 2.3]?

A key strength of the case study methodology is its ability to provide understanding about the phenomenon or population within a particular context. Yin (2003) suggests that case studies can be used effectively to answer explanatory type of research questions in addition to exploratory ones. Furthermore, 'how' questions often precede 'why' questions, and 'what' questions precede 'how' questions in a research process (Blaikie 2006).

However, conducting case studies can be time consuming and costly especially when multiple cases are involved in the research. Access to organizations willing to participate

in case studies is a major obstacle. One major issue to be considered by researchers in using case studies is the problem of generalizing and theorizing from the findings, in particular, using single case designs. According to Yin (2003), this problem can be overcome by employing multiple cases, where the evidence is regarded as more "compelling and the overall study is therefore regarded as being more robust" (ibid, p. 46). Utilizing multiple cases can also generate rich theoretical models/frameworks through a process of replication where patterns are identified across cases that support initial propositions.

After considering the strengths and weaknesses of this method of enquiry, it was decided that multiple cross-sectional case studies were appropriate for this stage of the study to describe the process through which COs develop their PSs, to understand the factors influencing the choice of their PSs, and to develop a theoretical model that depicts these influencing factors.

An inductive research strategy was used to gather qualitative and quantitative data in the case studies. However, an element of deduction was evident because of the use of prior theory, the initial organizing conceptual framework established during the conceptualization stage and key themes that had emerged from the survey stage to guide data collection, and analysis in the case studies. In summary, the purpose of the case studies at this stage of the study was to:

[1]   gather 'rich' data from within the case organizations' contexts (Denzin 1978a; Jick 1979).

[2]   obtain a more holistic view of the extent of SP activities under study (Gummesson 2000).

[3]   identify themes and particular discrepancies from analysis of the data across cases (Yin 1994; 2003) and to reach some general conclusions (Gummesson 2000) in order to answer the research questions, and

[4]   provide triangulation of data that was collected using various sources of data taken from within each case, and using findings from the earlier survey stage to

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enhance overall reliability and external validity of the study (Denzin 1978a; Jick 1979; Patton 1987).

4.6.2   Selection of case studies

Due to the qualitative nature of research at this stage, the selection of case studies was not based on statistical sampling but purposive sampling (Yin 2003; Stake 1995). The cases were considered instrumental because they were aimed at providing insights into the issues under investigation and to redraw some preliminary conclusions or generalizations (Stake 1995). A number of authors have echoed the contention that there is no ideal number of cases to be studied in a qualitative research (Eisenhardt 1989; Miles and Huberman 1994). Carson et al. (2001) suggest a range of between two to 15 cases, while Patton (1990) advises that the validity, meaningfulness and insights generated from qualitative inquiry should depend less on sample size and more on the richness of information in the cases selected, and observational/analytical ability of the researcher.

Multiple case studies methodology has been used in other empirical studies on VNPOs that provide different types of public services, for instance Alcock et al.'s (2004) study, commissioned by NCVO, explored the impact of delivering public services via contracts on 12 case studies of local Social Care and Health VNPOs within England. Osborne's (1998) research into the innovative capacity of VNPOs employed nine cross-sectional case studies to explore key themes that had emerged from an earlier survey phase of the study. Table 4.3 shows the data sources employed in the case studies to explore the research themes and answer related research questions.

Table 4.3: Research themes, questions and multiple sources of data employed in the cross-sectional case studies

Research Themes for investigation	Breakdown of Research Questions	Data Sources in the case studies
PROCESS Process of developing positioning strategy	* Was there a formal process of developing the positioning strategy? * If so, was it part of the strategic marketing planning process or other forms of planning?	* 21 semi-structured interviews with organizational leaders, strategy planners, key decision-makers, marketing/fundraising managers. * Documents (where available).
STRATEGY Components of current positioning strategy Changes to positioning Strategy/strategic position	* What was distinctive about the strategic position of the charity? * What was the generic or core positioning of the charity? * What were the positioning dimensions? * Had the current positioning strategy changed from inception? * What prompted/caused that change, if any?	* 27 semi-structured interviews with organizational leaders, strategy planners, key decision-makers, marketing/fundraising managers and regional/branch staff (where permitted). * 4 group discussions with operational staff/volunteers where permitted). * Documents (where available).
INFLUENCING FACTORS Key factors that influence the choice of positioning strategy	* What were the major and minor factors that influenced the core positioning and in what ways? * What were the major and minor factors that influenced the positioning dimensions and in what ways?	* 27 semi-structured interviews with organizational leaders, strategy planners, key decision makers, marketing managers and regional/branch staff (where permitted). * Documents (where available).

Having considered the theoretical arguments and the availability of time and resources, a decision was made to study four cases at this stage of the research. The cases were identified from among twelve survey respondents who had indicated their interest in participating in the case studies stage. After a careful review of the respondents' profile, the decision to select the four cases was partly based on their organizational characteristics and partly on the responses to the questions in the survey questionnaire, such as contrasting perception of competitive intensity, generic or core position, and positioning dimensions cited.

Two organizational criteria were used to guide the initial selection of the four cases: (1) total annual income [income bands according to Charity Trends, CAF 2003], and (2) proportion of statutory income compared to voluntary income. For the first criterion, two of the four cases were selected from the high income band [above £10 million] and two cases from the middle income band [£ 1 million to 10 million]. These two income bands were considered significant for this sample as 89% fell into these two income bands in 2002, showing an increase of 33% and 6% respectively from 1997 (see Table 4.4). At the same time, 88% of this study's survey respondents had a total annual income of above £1 million (CAF 2003), which reflected a close approximation to the sampling frame in this study.

Table 4.4: Proportion of CAF's top 500 fundraising charities in three income bands in 1996-1997 compared to 2002-2003

Aston University

Illustration removed for copyright restrictions

(Source: CAF 2000; 2003)

Within the first criterion selected, two cases with relatively higher proportion of statutory income [and consequently lower proportion of voluntary income] and two cases with relatively lower proportion of statutory income [and consequently higher proportion of voluntary income], were chosen using the second organizational criterion. This criterion aimed to examine in greater depth to what extent resource dependency had influenced external stakeholders, in particular statutory funding, on the choice of positioning strategy.

The selection criteria employed in the case studies allowed the findings between the different case organizational contexts to be compared, while offering some degree of generalisability of the findings in the sector in which they operate.

The final four cases were confirmed after conducting initial interviews with potential case study candidates at the pre-testing stage in August 2004 [see sub-section 4.6.4 on the pre-testing stage]. The four case study organizations are introduced in the next sub-section. Further detailed descriptions of these case studies are presented in Chapter 6.

4.6.3   Introduction to the four case study organizations

In order to ensure anonymity and confidentiality of the case organizations in this study, the pseudonyms Children Homes, Community Services, Rescue Service and Drugs Care were used to denote the four cases. Chapter 6 provides further description of organizational characteristics of the four case organizations. They are introduced briefly here.

- **Children Homes** was a national charity that was established 22 years ago to provide support and accommodation through its seven fully furnished houses to families of seriously ill children seeking treatment at paediatric hospitals around Britain. It is the smallest charity in terms of its total annual income and size of paid workforce in comparison to the other three cases studies. It depended fully on voluntary income to run its operations.

- **Community Care** was the 'youngest' charity from among the four case studies. It was established 16 years ago as a grant-giving organization serving the northeast region of England. It is different from the other three case organizations because it did not deliver services direct to consumers/users, but encouraged giving, primarily from local voluntary sources [companies, legacies, families and individuals] to generate funds, and by getting government contracts/grant schemes to support local communities. These funds were then distributed to voluntary and community groups/projects that provide a wide

range of community services specifically in the northeast of the country. Voluntary income had declined since 2000, but one key area of income growth had been from programmes managed for government agencies. 30% of the charity's total annual income came from managing government grants in 2002-03. This proportion had increased to 49% in 2003-04, and comprised of grants from a number of local and regional funds.

- **Rescue Service** was a national charity delivering emergency sea search and rescue services to the public for over 180 years. Voluntary income has been and remained the largest proportion of its total annual income. This proportion was over 90% in 2003. Since 2000, it had begun to expand its core service by delivering rescue services on beaches under contracts to local authorities in the south east of England. However, the proportion of statutory income was relatively small at less than 1% of its total income.

- **Drugs Care** was set up 37 years ago as a voluntary association of parents who provided drug treatment services to adult mis-users. Over the years, its core service had expanded to include alcohol treatment services, which reflected increasing public concerns on alcohol misuse and government policies directed at tackling this social problem in the country. Since the late 1990s, it was delivering these public services mainly under contracts to local and central government funders. It relies heavily on statutory sources of income, which amounted to over 95% of its total income in 2003.

4.6.4 Process of case study data collection and analysis

An iterative process of case study data collection and analysis was utilized for the multiple case studies. A case study protocol was followed in order to guide the data collection in sufficient consistency between the various sources of methods used within each case. It included guidelines on pre-interview communication with participants, use

of pro-formas for semi-structured interviews, adhering to interview schedules to ensure consistency in structuring of interviews and data collection (Osborne 1998).

It is indicated in sub-section 4.6.2 that the preparation for the case studies started with a pre-testing stage among the twelve case study candidates that had earlier indicated interest in participating in the case studies. The pre-testing aimed to: [1] test the case study interview guidelines, [2] get initial understanding of the organizational context in each case, and [3] to ascertain that the final cases to be studied were the most appropriate to fulfil the case study objectives.

Following the pre-testing stage, the data collection stage began with Children Homes [Case 1] where data was collected from multiple sources within that case and analysed. This process proceeded with the other three cases in a similar fashion. The sources of data within each case were:

- Between four[1] and eight semi-structured interviews with key informants [strategy planners/senior management decision-makers] in the head office of the CO were supported by other sources of data.

- A group discussion based on semi-structured questions with two operational staff [depending on availability] at the head office to ascertain similarities or discrepancies between the other staff's perceptions of the CO's strategic position with those of senior management.

- A site visit to a branch or regional office, where a discussion based on semi-structured questions with the manager/key staff in-charge was held to ascertain similarities or discrepancies between branch staff's perceptions of the CO's strategic position with those of head office.

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[1] Case 4 [Drugs Care] was unable to provide two interviews with its Head of Marketing/Communications and Chief Executive because it was restructuring its organizational strategy and marketing department at the time of the case studies from October 2004 until July 2005.

- Documents of corporate and strategic plans, annual reports, and relevant marketing/communication materials were analysed along three key themes to identify evidence of strategic planning, process of SP and key strengths or weaknesses of the organization. These were used in a supporting role to corroborate or contradict the evidence emerging from the semi-structured interviews.

The use of multiple sources of data within each case study aimed to provide a more holistic interpretation of the themes and research questions in the organization by facilitating triangulation of data (Gilmore and Carson 1996; Yin 2003). Figure 4.3 shows the various sources of data collection in the case studies.

Figure 4.3: Multiple sources of data in the four case studies
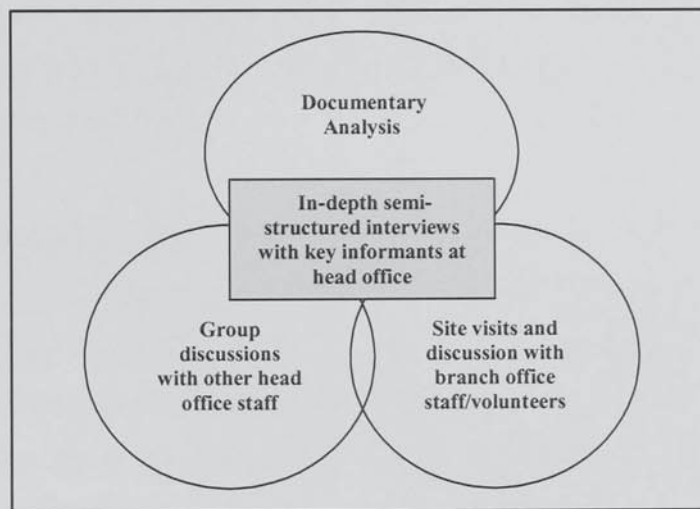
Descriptive data illustrating the process of SP, components of PS and influencing factors on the choice of PS within each case was collected and analysed according to the key themes/research questions as shown earlier in Table 4.4. This first phase of data analysis helped to develop the experiential knowledge of the researcher in the case study process. The process continued in iterative progression into the second phase by focusing on specific themes from Case 1, but was open to new idea/themes in the next three cases.

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All interviews were tape recorded with the respondents' consent, and subsequently transcribed to aid coding and analysis. An interpretive approach was adopted, where data was initially coded along key themes that emerged from the semi-structured interviews, then re-analysed and interpreted as further data was gathered in each case and across cases (Carson et al. 2001). This approach is appropriate for exploratory type of case studies where in-depth understanding and theory building are more important that specific measurements (ibid, p. 66). Analytic comparison was then used to analyse sets of data according to the key themes across cases (Neuman, 2006 p. 471). At the same time, relevant organizational documents, such as corporate strategies, annual reports, planning processes, promotional and communications materials were analysed for corroborating or contradictory evidence. For each research theme and corresponding questions, salient points from the findings in each case were drawn out and particular areas of similarities and differences between cases were highlighted. This method of cross-case data analysis emphasised the effects of particular sets of conditions in the case contexts, and considered complex outcomes across cases that have qualitative differences (Newman 2006).

Display matrices and word tables were created to display the findings along the key themes and research questions from individual cases according to a uniform framework (Miles and Huberman 1994, p 93; Yin 2003, p. 133). This technique was extended to display the findings for the cross-case comparison. The findings were then interpreted in light of similarities or discrepancies in the patterns that emerged from the data analysed across cases. Figure 4.4 shows the process of data collection and analysis followed in this stage of the study, which incorporated pre-testing and feedback on findings from the analysis.

Figure 4.4: Iterative process of data collection and analysis followed in case studies
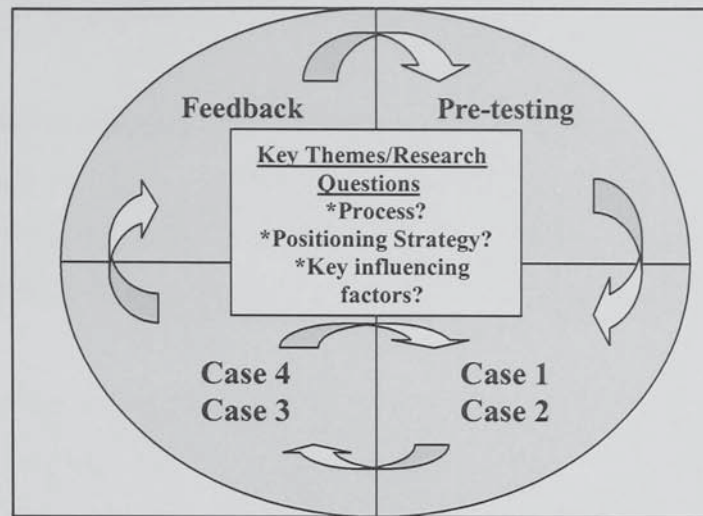
4.6.5 Reliability and validity in case studies stage

Reliability and validation procedures that followed in this stage of the study aimed to improve the overall quality of the case studies. Case studies present particular challenges to the researcher in establishing the validity and reliability of the research design. Reliability in case studies is proven when the data collection procedures can be repeated, with similar results (Yin 2003, p. 159). Validity in case studies comprises of construct validity, internal validity and external validity. However, unlike quantitative methods, such as survey questionnaire, tests of validity require alternative approaches to evaluate this quality criteria (Bryman 2001). Yin (2003) suggests adopting multiple tactics during data collection and analysis in order to improve the overall quality of the case study design. Efforts to enhance reliability and validity at this stage of the study were as follows:

- All interviewees were provided a copy of the case study guideline to ensure a consistent level of understanding for their participation. This guideline included an overview of the case study objectives, the key research themes, data collection sources and procedures, a schedule of agreed interviews to ensure consistency in

structuring of interviews and for data collection, thereby enhancing reliability (Yin 2003, p. 67).

- Construct validity was enhanced by data triangulation, which used multiple sources of data employed in the case studies, with agreement from each case organization. Gathering evidence from a variety of sources was also aimed at increasing internal consistency or reliability within a case (Yin 1994; 2003).

- Initial agreement was secured with the potential case organizations as well as to the case study objectives, provisional time plan for each case and access to data collection sources. A key contact person in each case organization coordinated the interview schedule and liased with the relevant parties for the data collection within the organization. This ensured that the data collection procedures were consistently followed across the case studies.

- Identifying and matching patterns during the case study data analysis along the three key themes that had emerged from the survey findings aimed to establish a degree of consistency and internal validity.

- Feedback on the key findings of this researcher was sought not only from academic peers and charity practitioners, but also from the case study respondents in order to check for accuracy and interpretation, thereby enhancing construct validity and external validity of the results.

- The other challenge for case studies is about the generalisability of knowledge from a case study to the wider population. Yin (2003) suggests the use of analytical generalisation for generalising the results in case studies. If two or more cases are shown to support the same theory/outcome, replication may be claimed (ibid, p. 33).

4.7   Overall reliability and validity in this study

This study had commenced with the recognition that VNPOs in general, and COs in particular, are highly diverse. Kramer (1990) noted that it is often difficult to validate findings of research for voluntary sector organizations because of the great diversity in their operating contexts. He argues for more empirical research to investigate the particular dimensions in the charity sub-sectors, and to develop theories that consider these factors rather than utilizing the whole voluntary sector as the unit of analysis in a study.

As it has been explained in this chapter, this study has employed the research design that aimed to contribute to theory development from the perspectives of COs in the GWSC sub-sectors. It had included techniques to enhance reliability and validity at each stage of the research methodology, as previously explained in sub-sections 4.5.9 and 4.6.5, in order to provide a degree of generalisability of results emerging from the study, whilst recognizing the particular contexts of COs. Explicit links between the three stages in the research methodological path had been highlighted in Figure 4.4. From a methodological perspective, combining data and emerging findings from the quantitative survey and qualitative case studies had the effect of achieving breadth and depth in this study through triangulation to increase the validity and confidence of the research results (Jick 1979; Gill and Johnson 1997; Blaikie 2006).

Furthermore, the overall quality of this study was enhanced by employing two types of triangulation techniques in order to corroborate or complement data collected from within each research stage and between research stages (Jick 1979; Osborne 1998). Triangulation in social science research generally means the use of more than one research method to improve the validity of the results (Jick 1979). Denzin (1978a, p.291) defines triangulation as "the combination of methodologies in the study of the same phenomenon". The triangulation techniques employed in this study were:

- Data source triangulation using multiple techniques within a particular method to collect and interpret data. It aims to enhance internal consistency or reliability

(Denzin 1979a,b). In this study, the postal survey stage adopted different items to operationalise SMP and PS constructs in the measurement scales. The case studies stage utilized multiple sources of data to cross check for internal consistency and reliability. Data gathered along key themes from the semi-structured interviews with different key informants were compared with data gathered from document analysis and group discussions. Therefore, confidence in the theory that was emerging or being developed from these findings during the study was arguably increased (Jick 1979).

- Methodological triangulation uses multiple methods to study the same dimension of a research problem (Jick 1979). This type of triangulation enables cross validation of results from different methods, and if found to be congruent and provide comparable results, external validity of the study is enhanced. In this study, findings and emerging themes from the survey method were cross validated with findings emerging from the multiple case studies.

Moreover, the overall external validity and generalisability of results for this study were enhanced by inviting feedback during exploratory discussions at both the survey and case studies stages prior to data collection. Further enhancements were made by reporting findings to survey respondents and case study organizations and getting their feedback. Appendix 6 provides a copy of these reports. The initial organizing conceptual framework, methodologies employed in the survey and case survey stages, and emerging findings from this study were presented at four international conferences and two doctoral colloquiums during the period January 2004 to October 2006. Peer reviews were sought and this author was successful in publishing three working papers in Aston Business School and two articles in internationally recognised journals during this period. A third article is currently being peer reviewed in the *British Journal of Management*. Appendix 10 provides copies of the working papers and journal articles.

4.8 Lessons learned from methodology stages

The lack of previous academic study in this research topic and other problems that arose during the research process had resulted in distinctive methodological issues for this researcher. Four major issues are identified below and lessons learned are offered:

- Difficulties in establishing research questions at the commencement of the study arose because of the scant literature and lack of theoretical frameworks and empirical research in SP in the charitable context. It was decided therefore to include exploratory discussions and an exploratory survey at the onset of the research design. This included developing specifically for this study measurements scales for the two key concepts of SMP and PS activities in COs. It was also decided that a predominantly inductive research strategy and a mixed methodology would be appropriate to answer the research questions arising from the initial conceptualisation stage.

- The diversity of organizations in the UK charitable sector influenced a decision to focus on GWSC charities among the top 500 British fundraising COs identified in the CAF's 2003 annual directory. Even then, the GWSC charities operated in six sub-sectors with quite distinct histories, missions, orientation towards delivering public services, and consequently varying strategic positions. Hence, the sampling strategy employed was purposive sampling, which was considered to be an appropriate one for this study.

- During the mailing of survey questionnaires, problems of lost mail and delays in the postal service during the period of launch arose (i.e. April until June 2004). Although these events were arguably uncontrollable, they demonstrated the postal survey method's vulnerability to external influences, which could directly affect the response rate. However, pro-active measures were taken by this researcher as described earlier to rectify the situation and to achieve a good response rate for this study.

- In the case studies stage, access to participating cases was critical to the success of case study methodology in particular, and the overall study in general. The survey questionnaire was used to create interest among respondents to be considered as case study candidates. Twelve out of the 51 survey respondents gave their initial agreement. This enabled screening of candidates and pre-testing of the case study interview protocol before data collection commenced. Problems arose when two out of the final four selected case organizations withdrew as the collection period for data was commencing. This was due to changes in their senior management structures [two candidates] and the key contact person had left the organization [one candidate]. Replacements for the withdrawn cases had to be made, which invariably, prolonged the period of data collection and analysis during the case studies stage. This experience highlighted the importance of having a contingency or fall-back plan where alternative case study candidates were available if needed. This study was fortunate to be able to secure the commitment of alternative case study organizations, which had not adversely affected the reliability of the data collection procedures nor the completion of this research.

Overall, the main challenge encountered by this researcher when using the mixed methodology adopted in this study was the insufficient time and resources that were available. Blaikie (2006) suggests that the research process could be affected by other factors despite a well-laid plan. This study had demonstrated that other factors such timing, availability of resources, withdrawal of respondents/case organizations during the research process, and access to data sources had to be overcomed. The research design was invariably balancing between what was ideal, and what was feasible and pragmatic.

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4.9   Conclusions

This chapter has described in detail a three-stage research methodological path, which was adopted in this study as depicted in Figure 4.4. Essentially, it employed a combination of exploratory postal survey and cross-sectional case studies to collect and analyze data at different stages of the research. This approach has demonstrated to be more appropriate to fulfil the research objectives and answer the research questions. Following the first stage of conceptualization, the data collection commenced with the exploratory survey stage to describe the extent of PS activities in COs. This was followed by an explanatory stage to investigate in more depth the process of developing PS and the factors that could influence the choice of PS in different case study contexts. The expected outputs of the study were a descriptive mapping of the SP activities of charities and a theoretical model that depicted the key factors that could influence the PS in COs. Consequently, the structured use of a mixed methodology approach aimed to produce a more comprehensive picture of the SP activities of COs, facilitated triangulation of data in order to enhance the quality of research outputs, while at the same time facilitating theory development. As with other social science research, this researcher had faced several practical problems during the data collection and analysis stages of this study. These experiences and lessons learned were outlined in this chapter.

Chapter 5 : Presentation of Data in Survey Stage and Mapping the Positioning Strategy Activities

5.1   Introduction

This chapter is the first of two chapters, which present the empirical findings of data gathered in this study. It is based, in part, on an article written by this author and published in *Public Management Review* (Chew 2006a) [see Appendix 10 for a copy of this article]. It provides descriptive data that was gathered during the exploratory survey stage. As it was established in Chapter 4, the survey stage was the second stage in a three-stage methodology employed in this study. The main purpose of this second stage was to explore and describe the extent of SP activities in the research sample.

The chapter begins with a review of the main and subsidiary research questions established for this stage of the study. The presentation of data firstly describes the characteristics of the survey respondents' organizations. This is followed by a series of findings regarding the perception of respondents about their organizations' strategic marketing planning and positioning activities, competition for financial and other organizational resources, and key factors that could influence the organization's PS. Although the data presented is largely descriptive in nature, some correlation results, reliability analyses and chi-square test results are displayed. A summary of the key findings and emerging themes from this stage of the study were identified. These themes are investigated in greater depth at the next stage of the study, and will be discussed in Chapter 6. A summary of the chapter is offered in the conclusion.

5.2   Survey research questions reviewed

As it was established in Chapter 4 of this thesis, an inductive research strategy was adopted for this exploratory stage of the study. A self-administered postal questionnaire

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was utilized to collect quantitative and qualitative data in order to answer the research questions identified from the conceptualization stage. The research questions [RQs] are re-stated in this section in order to guide both the collection and presentation of data gathered during this stage of the study.

RQ 1.1   To what extent do COs undertake SMP in their organizations?

RQ 1.2   To what extent do COs undertake PS activities in their organizations?

RQ 1.3   Are there generic or core PSs pursued by COs?

RQ 1.4   What are the positioning dimensions used by COs to distinguish themselves?

RQ 1.5   In what ways are the generic/core PSs and the positioning dimensions identified in RQ 1.3 and RQ 1.4 similar or distinct from those advocated in contemporary strategy/marketing literature?

RQ 2.1   What are the key factors external and internal to the COs that influence their PSs?

RQ 2.4   In what ways are the key factors identified in RQ 2.1 similar or distinct from those in contemporary strategy/marketing literature?

5.3   Profile of respondents

This section describes the characteristics of respondents' organizations that are of interest in this study. These include annual income, voluntary income, statutory income, years in existence and number of paid staff. As it was established in Chapter 4, the GWSC charities from among the CAF's top 500 fundraising COs in Britain in 2002-03 was the sample used in this study. It was also reported in Chapter 4 that, the effective final response rate for the postal questionnaire employed in the survey from 31 July 2004 was 54% or 51 usable responses out of 95 final mailed questionnaires.

5.3.1   Total annual income

Respondents were asked to indicate the average annual income of their organizations over the past three years [2001 to 2003]. Table 5.1 shows the total annual income of the

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respondents in three income bands. These income bands follow those used in the CAF's Charity Trends 2003 directory. It can be seen from Table 5.1 that 88% of the respondents generated above £1 million in annual total income over those three years. This proportion reflected a close approximation of what CAF had reported for the sampling frame [see Chapter 4, sub-section 4.6.2].

Table 5.1: Total annual income of survey respondents

£	General Welfare and Social Care respondents (2001-03)						
	Other Gen Wef (n=16)	Children (n=13)	Ben Funds (n=9)	Elderly Care (n=5)	Service/ Ex Service (n=5)	Rel Gen Wef (n=3)	Total (N=51) No. & %
Below £1 m	3 (19%)	2 (12%)	1 (11%)	-	-	-	6 (12%)
£ 1-10m	9 (56%)	8 (64%)	6 (67%)	2 (40%)	1 (20%)	-	26 (51%)
Over £10 m	4 (26%)	3 (24%)	2 (22%)	3 (60%)	4 (80%)	3 (100%)	19 (37%)
Total	16 (100%)	13 (100%)	9 (100%)	5 (100%)	5 (100%)	3 (100%)	51 (100%)

(Note: Cells with no figures mean that no respondent in that sub-sector selected the particular category)

5.3.2 Voluntary income

Table 5.2 presents the voluntary income as a proportion of total annual income in 2002-03 provided by respondents. Over 50% of the total income of 68% of respondents came from voluntary sources. Respondents as a group generated £507 million in voluntary income, which was 66% of the voluntary income generated by the GWSC sample, and 23% of the top 500 fundraising charities in 2002-03 (CAF 2003).

Table 5.2: Voluntary income of survey respondents

% Voluntary Income	General Welfare & Social Care respondents in 2002-03						
	Other Gen Wef (n=16)	Children (n=13)	Ben Funds (n=9)	Elderly Care (n=5)	Service/ Ex Service (n=5)	Rel Gen Wef (n=3)	Total (N=51) No. & %
Below 25	6 (39%)	-	2 (22%)	2 (40%)	-	1 (33%)	11 (22%)
Above 25-50	1 (6%)	1 (8%)	-	1 (20%)	2 (40%)	-	5 (10%)
Above 50-75	4 (25%)	4 (28%)	1 (11%)	2 (40%)	1 (20%)	1 (33%)	13 (25%)
Above 75-100	5 (30%)	8 (64%)	6 (67%)	-	2 (40%)	1 (34%)	22 (43%)
Total	16 (100%)	13 (100%)	9 (100%)	5 (100%)	5 (100%)	3 (100%)	51 (100%)

(Note: Cells with no figures mean that no respondent in that sub-sector selected the particular category)

5.3.2 Statutory income

Table 5.3 presents the statutory income of respondents as a proportion of their total annual income in 2002-03. As it can be seen from Table 5.3, all respondents received government funding in varying proportions. CAF (2003) reports that 14% of them received more than 50% of their total income from statutory sources. Respondents as a group received £383 million of non-voluntary income in 2002-03. This income comprised of, among other sources, government grants and contract fees. The amount accounted for a sizable 61% of non-voluntary income of the GWSC sample, and 23% of the top 500 fundraising charities in 2002-03 (ibid).

Table 5.3: Statutory income of survey respondents

% Statutory income	General Welfare & Social Care respondents in 2002-03						
	Other Gen Wef (n=16)	Children (n=13)	Ben Funds (n=9)	Elderly Care (n=5)	Service/ Ex Service (n=5)	Rel Gen Wef (n=3)	Total (N=51) No. & %
Below 25	7 (42%)	11 (84%)	8 (89%)	5 (100%)	4 (80%)	2 (67%)	37 (72%)
Above 25- 50	4 (26%)	2 (16%)	-	-	1 (20%)	-	7 (14%)
Above 50-75	3 (19%)	-	1 (11%)	-	-	-	4 (8%)
Above 75-100	2 (13%)	-	-	-	-	1 (33%)	3 (6%)
Total	16 (100%)	13 (100%)	9 (100%)	5 (100%)	5 (100%)	3 (100%)	51 (100%)

(Note: Cells with no figures mean that no respondent in that sub-sector selected the particular category)

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5.3.4 Years in existence

Nearly all COs that responded were in existence for more than 10 years at the time of the survey. However, two respondents were exceptions. One respondent began its existence between 5 to 10 years ago, while another had established itself less than 5 years ago as a result of a merger between two COs in different GWSC sub-sectors.

5.3.5 Number of paid staff

Table 5.4 shows the total paid staff employed by respondents. Paid staff in the organization included full and part-time staff. 41% of respondents had less than 50 paid staff, while 26% of respondents had above 500 paid staff in their organizations at the time of the survey.

Table 5.4: Number of total paid staff of survey respondents

Number of paid staff	General Welfare & Social Care respondents						
	Other Gen Wef (n=16)	Children (n=13)	Ben Funds (n=9)	Elderly Care (n=5)	Service/ Ex Service (n=5)	Rel Gen Wef (n=3)	Total (N=51) No. & %
Below 50	7 (44%)	8 (62%)	4 (45%)	-	2 (40%)	-	21 (41%)
Above 50-100	2 (12%)	2 (15%)	2 (22%)	-	-	-	6 (11%)
Above 100- 500	3 (19%)	1 (8%)	1 (11%)	4 (80%)	1 (20%)	1 (33%)	11 (22%)
Above 500-1000	2 (12%)	-	1 (11%)	1 (20%)	2 (40%)	1 (33%)	7 (14%)
Above 1000	2 (13%)	2 (15%)	1 (11%)	-	-	1 (34%)	6 (12%)
Total	16 (100%)	13 (100%)	9 (100%)	5 (100%)	5 (100%)	3 (100%)	51 (100%)

(Note: Cells with no figures mean that no respondent in that sub-sector selected the particular category)

5.4 Perception of competition

5.4.1 Current level of competitive intensity

The literature review in Chapter 3 had established that the operating environment of COs in the UK is becoming increasingly competitive in terms of raising revenue and other organizational resources. This part of the survey aimed to find out how COs perceived the level of competitive intensity currently experienced in the sector that they operate in.

This study defines competitive intensity as the degree to which organizations have to compete with other organizations for financial and other organizational resources in the sector within which they operate (Chew 2006b). As a reference point, the number of registered charities in England and Wales had increased 50% from 120,000 in 1975 to over 189,000 at the end of 2004 (Charity Commission 2004a). A high level of competitive intensity would suggest that the organization has to compete with a relatively greater number of organizations vying for these resources within its sub-sector or providing similar services. Conversely, a low level of competitive intensity means a relatively smaller number of organizations are competing for these resources. Table 5.5 shows that 61% of respondents perceived a high level of competitive intensity, while only 9% of respondents perceived a low competitive intensity for financial and other organizational resources in their sector/sub-sector.

The findings also suggest that the intensity of competition perceived by respondents could be sub-sectoral specific. For instance, the larger proportion of respondents in the sub-sectors of Children [80%], Other General Welfare [51%] and Elderly Care [100%] viewed a high level of competitive intensity in their operating environment. In contrast, low competitive intensity was cited by a proportionately higher percentage of respondents in the Benevolent Funds sub-sector [22%] compared to the other sub-sectors in this study.

Table 5.5: Competitive intensity perceived by survey respondents

Level of Competitive Intensity	Competitive intensity perceived by General Welfare & Social Care respondents						
	Other Gen Wef (n=16)	Children (n=13)	Ben Funds (n=9)	Elderly Care (n=5)	Service/ Ex Service (n=5)	Rel Gen Wef (n=3)	Total (N=51) No. & %
Low	1 (6%)	2 (12%)	2 (22%)	-	-	-	5 (9%)
Moderate	6 (39%)	1 (8%)	3 (33%)	-	3 (60%)	2 (67%)	15 (29%)
High	9 (51%)	10 (80%)	5 (45%)	5 (100%)	2 (40%)	1 (33%)	31 (61%)
Total	16 (100%)	13 (100%)	9 (100%)	5 (100%)	5 (100%)	3 (100%)	51 (100%) *

(Note: Cells with no figures mean that no respondent in that sub-sector selected the particular category)

5.4.2 Change in competitive intensity

Respondents were also asked about the likelihood of change in the current level of competitive intensity for financial and other organizational resources over the next five years from 2004. Table 5.6 shows that 82% of respondents felt that the competitive intensity could experience a moderate to high increase over the next five years, while 18% felt that there was no potential change in current competitive intensity over the next five years. There were no respondents who cited a decrease in current competitive intensity in the future. The findings suggest that the future operating environment of GWSC charities is likely to become more competitive, where possibly the number of organizations vying for financial and other organizational resources in their sub-sector could increase in the future.

Table 5.6: Change in competitive intensity over next 5 years perceived by survey respondents

Change in Competitive Intensity	Change in competitive intensity in General Welfare & Social Care respondents						
	Other Gen Wef (n=16)	Children (n=13)	Ben Funds (n=9)	Elderly Care (n=5)	Service/ Ex Service (n=5)	Rel Gen Wef (n=3)	Total (N=51) No. & %
No change	3 (19%)	2 (15%)	2 (22%)	-	2 (40%)	-	9 (18%)
Moderate increase	9 (56%)	8 (62%)	5 (56%)	5 (100%)	3 (60%)	3 (100%)	33 (64%)
High increase	4 (25%)	3 (23%)	2 (22%)	-	-	-	9 (18%)
Total	16 (100%)	13 (100%)	9 (100%)	5 (100%)	5 (100%)	3 (100%)	51 (100%) *

(Note: Cells with no figures mean that no respondent in that sub-sector selected the particular category)

5.4.3 Relationship between current competitive intensity and change in competitive intensity

There were significant correlations between the perceived current level of competitive intensity and the change in that level over the next five years. Due to the purposive nature and small size of the sample, the use of non-parametric analysis was conducted in addition to parametric analysis in order to reinforce the findings (Pallant 2001). Tables 5.7 [a, b], show Pearson's correlation and Spearman's Rho for non-parametric

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correlation were both significant at the 0.01 level. In other words, the findings suggest that respondents who perceived the current level of competitive intensity as high or moderate would tend to also perceive a high or moderate increase in the competitive intensity in their sub-sectors over the next five years.

Table 5.7a: **Bivariate correlation between competitive intensity and change in Intensity**

Correlation between Level of Competitive Intensity and Change in Competitive intensity for financial and other resources over the next five years		Competitive Intensity in the charity sector/sub-sector for financial and other resources	Change in Competitive Intensity over next 5 years
Competitive Intensity in the charity sector/sub-sector for financial and other resources	Pearson Correlation Sig. (2-tailed) N	1 . 51	.445 ** .001 51
Change in Competitive Intensity over next 5 years	Pearson Correlation Sig. (2-tailed) N	.445** .001 51	1 . 51

** Correlations are significant at the 0.01 level (2-tailed)

Table 5.7b: **Nonparametric correlation between competitive intensity and change in intensity**

Nonparametric Correlation between Level of Competitive Intensity and Change in Competitive Intensity over the next five years			Competitive Intensity in the charity sector/sub-sector for financial and other resources	Change in Competitive Intensity over next 5 years
Spearman's Rho	Competitive Intensity in the charity sector for financial and other resources	Correlation Coefficient Sig. (2-tailed) N	1.000 . 51	.435 ** .001 51
	Change in Competitive Intensity over the next 5 years	Correlation Coefficient Sig. (2-tailed) N	.435** .001 51	1.000 . 51

** Correlations are significant at the 0.01 level (2-tailed)

5.4.4 Main competitors

When asked about their main competitors for financial and other organizational resources, 71.2% of respondents cited other COs that provide similar services as their major rivals. 19.2% of respondents cited private sector organizations providing similar services, while 11.5% of respondents cited VNPOs other than charities as their main competitors. A small minority perceived central government agencies [5.9%] and local government agencies [1.9%] as their main competitors in spite of receiving funding from

these sources. Other competitors cited by respondents were local charities, professional associations, the National Lottery and trade unions.

5.5 Extent of strategic marketing planning [SMP] activities

The literature review on SP in Chapter 2 revealed that PS has been depicted in the extant literature as a key outcome of the strategy development phase of the SMP process in commercial [for-profit] organizations (Hooley et al 1998b), and plays a crucial role in marketing planning in non-profit organizations (Lovelock and Weinberg 1989; Kotler and Andreasen 1996; Andreasen and Kotler 2003). Therefore, it was necessary to include the exploration of SMP in this study, and to investigate the extent to which PS activities were undertaken as part of the overall marketing planning in the sample organizations.

5.5.1 Scale for SMP activities

As it was explained in Chapter 4, the lack of existing scales in the literature that measures SMP activities had necessitated the development of a SMP scale specifically for the purpose of this study in the charitable context. The thirteen SMP activities are indicated as SMP1 to SMP13 in Figure 5.1, the order following the items listed in the survey questionnaire [see Appendix 5 for a copy of the questionnaire]. The internal reliability of the SMP scale was analysed using Cronbach's Coefficient Alpha (Cronbach 1951). Each response to an item [which denoted a SMP activity] on the SMP scale was correlated with responses to other items in that scale. The test aimed to measure the consistency of responses across all items used in the scale (Mitchell 1996). As it was shown in Figure 5.1, the overall correlation [Cronbach's Coefficient Alpha] for the thirteen items was good as it exceeded the recommended guide of .7 for good internal reliability with .8430 (Pallant 2001). In addition, as indicated in Chapter 4 sub-section 4.5.9, various other efforts were undertaken to enhance the reliability and validity of the survey process and the scale at this stage of the study.

Figure 5.1: Reliability analysis of SMP acale

| | Item-total Statistics | | | | |
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Alpha if Item Deleted
SMP1	76.8235	276.3882	.7024	.5944	.8176
SMP2	78.2549	286.5937	.5770	.5681	.8265
SMP3	77.7059	295.3318	.3681	.4565	.8421
SMP4	77.3922	287.4431	.4690	.5938	.8343
SMP5	76.4706	292.9741	.5329	.4435	.8298
SMP6	76.0000	289.2800	.6071	.5384	.8254
SMP7	75.5686	322.6502	.1726	.2926	.8494
SMP8	75.9608	310.4784	.2964	.5365	.8441
SMP9	77.1373	284.5608	.5175	.3793	.8305
SMP10	75.7255	287.8831	.5786	.6354	.8266
SMP11	75.8039	292.1208	.4301	.4117	.8370
SMP12	76.4118	280.9271	.5790	.6256	.8258
SMP13	76.5098	284.3349	.6126	.5825	.8241

Reliability Coefficients   13 items
Cronbach's Coefficient Alpha = .8430
Standardized item alpha = .8426

5.5.2   Extent of SMP activities

Respondents were asked to select a number from 1 [small extent] to 10 [large extent], to indicate to what extent their organization undertook each of the thirteen activities [items] in the SMP scale. A filter score of zero [0] was included to indicate non-activity for an activity [item]. As it was established in Chapter 4, the purpose was to strengthen overall reliability of the scale (Andrews 1984).

Figure 5.2 shows the total mean scores [highest to lowest] and corresponding standard deviation for the thirteen SMP activities of respondents as a group. The findings indicate that SMP activities were undertaken by GWSC charities to varying extents.

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Figure 5.2: Mean scores (highest to lowest) and standard deviations for SMP scale activities for all survey respondents as a group (N=51)

Strategic Marketing Planning Activities	Mean Score	Standard Deviation
• Segmentation of Donors/Funders	7.41	1.88
• Developing Communication Plans and Actions	7.25	2.28
• Developing Fundraising Plans and Actions	7.18	2.63
• Segmentation of User/Clients/Beneficiaries	7.02	2.17
• Setting Marketing Objectives in line with mission and goals of the organization	6.98	2.13
• Allocating marketing and other resources to support and implement marketing plans and objectives	6.56	2.59
• Internal Organizational and Resources Analysis	6.51	2.19
• Monitoring marketing performance vs. plans	6.47	2.33
• External Environmental Analysis	6.16	2.39
• Identifying Charity's Positioning Dimensions	5.84	2.65
• Market Research and Analysis on Users/Clients	5.59	2.71
• Market Research and Analysis on Donor/Funders	5.27	2.76
• Competitor Monitoring and Analysis	4.72	2.34

SMP Scale 13-items: Scale Mean= 6.38   Scale Standard Deviation = 2.39
Cronbach's Coefficient Alpha = .8430

The key findings for SMP activities are highlighted as follows:

- In this study, SMP activities were specifically focused on marketing planning at the organizational level rather than at the tactical level, such as product/service or promotional planning. The total mean score of the thirteen items (activities) in the SMP scale was 6.38. This finding suggests that respondents undertook SMP activities moderately as a group. The range of SMP activities undertaken by COs in this study suggests that they are increasingly undertaking marketing planning at a strategic level rather than at a tactical level, as it was concluded in a few earlier studies in the 1990s. For instance, Cousins (1990) found that while marketing planning was being adopted by VNPOs in the UK, including charities, the type of marketing plans were focused more on tactical marketing activities, and had more of a 'marketing mix bias' (ibid, p.30), such as product, promotional and distribution planning, compared to counterparts in the private and public sector sectors.

- 'Segmentation of Donors/Funders' activity had the highest mean score of 7.41. This finding suggests that while 'Developing Fundraising Plans and Actions' had the third highest mean score of 7.18 in the SMP scale, COs have increased their efforts in this activity to support their fund raising programmes, which contrasted with some studies in the mid 1990s. For instance, Sargeant (1995) found low levels of adoption and sophistication in the use of market segmentation approaches on donor markets among the top 410 fundraising charities in the UK.

- However, 'Competitor Monitoring and Analysis' had the lowest mean score of 4.72 in this study. This finding reinforces previous findings (e.g. Cousins 1990) that VNPOs in the UK paid less attention on competitor monitoring compared to private sector organizations, and that many of them tended to use informal methods of market research to stay in touch with target audiences' needs. For instance, in a recent study of 143 British charities, Bennett (2003) found that, while the intensity of competition for raising funds from individual donors had increased significantly since the mid 1990s, and while COs appeared to take competitor analysis more seriously compared to pre-1990 years, the level of resources dedicated to competitor analysis had remained low.

- Of interest was the mean score of 5.84 for 'Identifying the Charity's Positioning Dimensions', which was below the total mean score for all thirteen activities in the SMP scale. The score for this activity provides an early indication of the extent to which respondents undertook that particular positioning activity in this study, which was not as high as other marketing planning activities in their organizations.

5.6 Extent of positioning strategy [PS] activities

5.6.1 Scale for PS activities

As with the SMP scale, the lack of existing scales in the literature used to measure PS activities had necessitated the development of a PS scale specifically for the purpose of this study in the charitable context. The six PS activities are identified as PS1 to PS6 in Figure 5.3, and the order follows the items listed in the survey questionnaire [see Appendix 5 for a copy of the questionnaire]. They closely correspond to the three main components of a PS as depicted in the initial organising conceptual framework in Chapter 2, and as shown in Figure 5.3.

Figure 5.3: Positioning strategy components in the survey questionnaire

Positioning strategy activities as denoted in the survey questionnaire	Corresponding component of positioning strategy in initial conceptual framework
PS1 Selection of User/Client/Beneficiary to serve	Choice of target audience
PS2 Selection of Donor/Funder to target	Choice of target audience
PS3 Selection of Positioning Dimensions to use to distinguish the Charity from other providers	Choice of Positioning Dimensions
PS4 Selection of Positioning Strategy that best differentiates the Charity from other providers	Choice of Generic or Core Positioning Strategy
PS5 Selection of Positioning Strategy that can be best supported by the Charity's existing resources and capabilities	Choice of Positioning Dimensions
PS6 Selection of Positioning Strategy that best fits the Charity's mission and culture	Choice of Generic or Core Positioning Strategy

The internal reliability of the PS scale was tested using Cronbach's Coefficient Alpha (Cronbach 1951). As it is shown in Figure 5.4, the result was found to be good at .8082 and exceeded the recommended guide for good internal reliability of a scale at .7 (Pallant 2001).

Figure 5.4: Reliability analysis of PS scale

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Alpha if Item Deleted
			Item-Total Statistics		
PS1	32.8039	93.0808	.4444	.2433	.8099
PS2	32.3725	104.7584	.4315	.2686	.8050
PS3	33.8235	85.0282	.6807	.8467	.7509
PS4	34.0980	84.6902	.6769	.8430	.7517
PS5	33.0588	94.6565	.5629	.4741	.7795
PS6	33.1569	88.8149	.6292	.4978	.7640

Reliability Coefficients   6 items
Cronbach's Coefficient Alpha =   .8082
Standardized item alpha =   .8085

5.6.2   Extent of PS activities

Respondents were asked to select a number from 1 [small extent] to 10 [large extent] for each of the six activities in the PS scale developed specifically for this study. As with the SMP scale, a filter score of zero [0] was included in the PS scale to indicate non-activity for an activity [item]. The intent was to strengthen the reliability of the scale (Andrews 1984).   Figure 5.5 shows the total mean scores [highest to lowest] and corresponding standard deviations for the six PS activities of respondents as a group.

The key findings for the PS activities are highlighted as follows:

- The total mean score of the six PS activities was 6.64. This suggests that as a group, respondents undertook PS activities moderately in order to differentiate themselves from other providers.

- There appears to be two groups of target audience for positioning by respondents: [1] the user/client/beneficiary and [2] the donor/funder. 'Selection of Donor/Funder' had the highest total mean score of 7.49, while 'Selection of User/Beneficiary' had the second highest total mean score at 7.06.

Figure 5.5: **Mean Scores (highest to lowest) and standard deviations for PS Scale activities for all survey respondents as a group (N=51)**

Positioning Strategy Activities	Mean Score	Standard Deviation
• Selection of Donor/Funder to target	7.49	2.07
• Selection of User/Client/Beneficiary to Serve	7.06	2.97
• Selection of Positioning Strategy that can best be supported by the Charity's existing resources and capabilities	6.80	2.44
• Selection of Positioning Strategy that best fits the Charity's mission and culture	6.70	2.65
• Selection of Positioning Dimensions to use to distinguish Charity from other providers	6.04	2.76
• Selection of Positioning Strategy that best differentiates the Charity from other providers	5.76	2.80

PS Scale (6-items)   Scale Mean = 6.64   Scale Standard Deviation = 2.61
Cronbach's Coefficient Alpha = .8082

- The 'Selecting the Positioning Dimensions to distinguish the Charity from other providers' activity had the second lowest total mean score at 6.04. This activity, together with the activity of 'Identifying the Charity's Positioning Dimensions', which scored a low total mean of 5.84 in the SMP scale (see sub-section 5.5.2), suggests that respondents did not provide a high level of priority for positioning dimensions in their strategic planning compared to other SMP and PS activities.

- An interesting finding concerns the 'Selection of Positioning Strategy that best differentiates the charity from other providers' activity, which had the lowest total mean score of 5.76 among the six PS activities. This finding suggests that, while the respondents were undertaking PS activities, they were devoting the least attention to the identifying and deciding the most appropriate PS for their organization.

5.6.3 Relationship between PS activities and SMP activities

There was a significant correlation between the total mean of SMP activities and the total mean of PS activities. Pearson Correlation and Spearman's Rho for non-parametric correlation were both significant at the 0.01 levels (see Tables 5.8 a, b). Respondents

who scored high in the SMP scale tended to also score high in the PS scale. In other words, GWSC charities that undertake SMP activities more extensively also tended to also carry out positioning activities extensively, and vise versa.

Table 5.8a: Bivariate correlation between PS scale and SMP scale

Correlation between Total Sum Mean of Marketing Planning (SMP) Scale and Total Sum Mean of Positioning Strategy (PS) Activities Scale		Total Sum Mean of SMP Scale SMP1 to SMP13	Total Sum Mean of PS Scale PS1 to PS6
Total Sum Mean of Strategic Marketing Planning Scale Items SMP1 to SMP13	Pearson Correlation	1	.521 **
	Sig. (2-tailed)	.	.000
	N	51	51
Total Sum Mean of Positioning Strategy Scale Items PS1 to PS6	Pearson Correlation	.521**	1
	Sig. (2-tailed)	.000	.
	N	51	51

*** Correlations are significant at the 0.01 level (2-tailed)*

Table 5.8b: Bivariate correlation between PS scale and SMP scale

Nonparametric Correlation between Total Sum Mean of Strategic Marketing Planning (SMP) Scale and Total Sum Mean of Positioning Strategy (PS)Activities Scale			Total Sum Mean of SMP Scale SMP1 to SMP13	Total Sun Mean of PS Scale PS1 to PS6
Spearman's Rho	Total Sum Mean of Strategic Marketing Planning Scale Items SMP1 to SMP13	Correlation Coefficient	1.000	.455 **
		Sig. (2-tailed)	.	.001
		N	51	51
	Total Sum Mean of Positioning Strategy Scale Items PS1 to PS6	Correlation Coefficient	.455**	1.000
		Sig. (2-tailed)	.001	.
		N	51	51

*** Correlations are significant at the 0.01 level (2-tailed)*

5.6.4 Generic or core positioning strategy

The literature review in Chapter 2 had discussed Porter's (1980) three generic PS alternatives that organizations could adopt to distinguish themselves in a competitive environment. These are differentiation, focus and [low] cost leadership positioning strategies. Respondents were asked to indicate which generic PS they had used in their organizations to appeal to their target audiences. In order to avoid technical jargon in the survey questionnaire, descriptions were used to denote the three generic positioning

approaches, as close as possible to the definitions used by Porter (1980). These are shown in Figure 5.6. As it was established in Chapter 4, the survey questionnaire and the constructs to be measured were pre-tested and piloted before being launched in order to enhance construct or face validity of the survey instrument.

Figure 5.6: Descriptions of generic or core positioning strategies used in the survey questionnaire

Descriptions used in the survey questionnaire	Conceptual Meaning
Identifying and communicating the unique ways in which my organization and its services/products meet the needs of clients or donors and are valued by them.	Differentiation Positioning
Identifying and communicating the ways in which my organization can serve a particular group of users (clients, beneficiaries), or in a particular geographical area or by providing a particular type of service better than other organizations.	Focus (or niche) Positioning
Identifying and communicating my organization's ability to provide competitively lower prices of services/products due to its cost-efficient operations and accessibility to low cost resources.	(Low) Cost Leadership Positioning

Table 5.9 presents the generic or core PSs that respondents adopted in their organizations. 65% of respondents cited differentiation positioning and 33% cited focus positioning as their generic or core PSs. Only 2% or one respondent used low-cost positioning as its core PS.

Table 5.9: Generic or core positioning strategies adopted by survey respondents

Type of Generic or Core Positioning Strategy	General Welfare & Social Care respondents						
	Other Gen Wef (n=16)	Children (n=13)	Ben Funds (n=9)	Elderly Care (n=5)	Service/ Ex Service (n=5)	Rel Gen Wef (n=3)	Total (N=51) No. & %
Low-Cost	-	1 (8%)	-	-	-	-	1 (2%)
Focus	5 (32%)	3 (24%)	7 (78%)	1 (20%)	1 (20%)	-	17 (33%)
Differentiation	11 (68%)	9 (68%)	2 (22%)	4 (80%)	4 (80%)	3 (100%)	33 (65%)
Total	16 (100%)	13 (100%)	9 (100%)	5 (100%)	5 (100%)	3 (100%)	51 (100%)

(Note: Cells with no figures mean that no respondent in that sub-sector selected the particular category)

Table 5.9 also identifies the generic positioning adopted by respondents in different GWSC sub-sectors at the time of the survey. The data from Table 5.9 suggests that a high proportion [78%] of respondents in the Benevolent Funds sub-sector adopted focus positioning as their generic or core PS. This appears to be in contrast to respondents in other sub-sectors where the majority [68% and above] adopted differentiation positioning as their preferred generic PS.

This finding reflects the common notion that many Benevolent Funds, as part of the wider voluntary sector in the UK, were founded to serve the needs of particular groups of users/clients/beneficiaries in particular trades or industries. Focus positioning could be a perceived strength of Benevolent Funds that seek to be very selective in their choice of both target users/clients/beneficiaries and donors/funders. On the other hand, these narrow markets could also be a perceived weakness during times of rapidly changing operating environments in the trade/industry or geographic location that they operate in.

5.6.5 Distinguishing organizations adopting different generic positioning strategies

The characteristics of respondents that adopted different generic or core PSs were examined using non-parametric Chi Square test for independence between groups. This test describes the relationship between two categorical variables, and indicates the strength of that relationship (Pallant 2001). There was only one respondent that cited low-cost positioning as its generic PS, meaning that in order to fulfil the general assumptions of the Chi Square statistical test, the decision was made to test the relationships between respondents adopting differentiation positioning and focus positioning only. Tables 5.10 to 5.14 show the test results for key characteristics of these two groups of respondents. These characteristics are, respectively: total annual income, the proportion of total income from voluntary income, the proportion of total income from statutory funding, number of paid staff and perception of competitive intensity.

Table 5.10: Total annual income of survey respondents using differentiation and focus generic positioning strategies

Total Annual Income (past 3 years 2001-2003)	Differentiation Positioning n = 33	Focus Positioning n = 17	Total N = 50
£10 mil and below	17 (51%)	14 (82%)	31 (62%)
Above £10 mil	16 (49%)	3 (18%)	19 (38%)
Total	33 (100%)	17 (100%)	50 (100%)

Chi-Square value (with continuity correction for 2 x 2 matrix) = 3.314; $.069 > p > .05$

Table 5.11: Proportion of total income from voluntary income of survey respondents using differentiation and focus generic positioning strategies

Proportion of Voluntary Income (2002-2003)	Differentiation Positioning n = 33	Focus Positioning n = 17	Total N = 50
50% and below	9 (27%)	7 (41%)	16 (32%)
Above 50%	24 (73%)	10 (59%)	34 (68%)
Total	33 (100%)	17 (100%)	50 (100%)

Chi-Square value (with continuity correction for 2 x 2 matrix) = .460; $.498 > p > .05$

Table 5.12: Proportion of total income from statutory funding of survey respondents using differentiation and focus generic positioning strategies

Proportion of Statutory Income (2002-2003)	Differentiation Positioning n = 33	Focus Positioning n = 17	Total N = 50
25 % and below	25 (76%)	12 (71%)	37 (74%)
Above 25%	8 (24%)	5 (29%)	13 (26%)
Total	33 (100%)	17 (100%)	50 (100%)

Chi-Square value (with continuity correction for 2 x 2 matrix) =.003; $.957 > p > .05$

Table 5.13: Number of paid staff of survey respondents using differentiation and focus generic positioning strategies

Number of Total Paid Staff (2003)	Differentiation Positioning n = 33	Focus Positioning n = 17	Total N = 50
100 and below	15 (46%)	11 (65%)	26 (52%)
Above 100	18 (54%)	6 (35%)	24 (48%)
Total	33 (100%)	17 (100%)	50 (100%)

Chi-Square value (with continuity correction for 2 x 2 matrix) = .984; $.321 > p > .05$

Table 5.14: Perception of current ;evel of competitive intensity of survey respondents using differentiation and focus generic positioning strategies

Level of Competitive Intensity	Differentiation Positioning n = 33	Focus Positioning n = 17	Total N = 50
Low to Moderate	14 (42%)	6 (35%)	20 (40%)
High	19 (58%)	11 (65%)	30 (60%)
Total	33 (100%)	17 (100%)	50 (100%)

Chi-Square value (with continuity correction for 2 x 2 matrix) = .033;   .855 > p > .05

As it can be seen from Tables 5.10 to 5.14, little statistical evidence was found to significantly distinguish these two groups of respondents along organizational characteristics. However, data from these tables suggest that respondents adopting focus positioning as their generic or core PS tended to be smaller organizations in terms of total annual income and number of paid staff. A smaller proportion of their total annual income was derived from voluntary income [59%] compared to those respondents that had adopted differentiation positioning [73%]. Furthermore, a slightly higher relative percentage of respondents adopting focus positioning [65%] perceived a high level of competition for financial and other organizational resources in their sector/sub-sector compared to respondents adopting differentiation positioning [58%].

5.6.6 Positioning dimensions

Respondents supported their generic or core PSs with a variety of positioning dimensions. As it was established in Chapter 2, positioning dimensions are identified in this study as key differentiators based on major organizational strengths [assets and competencies] of the organization and can provide long-term strategic advantages (Hooley et al. 1998a, 2001; Chew 2003). There were different dimensions that COs could utilize as appropriate bases to support their differentiation or focus PSs. Table 5.15 presents a breakdown of the positioning dimensions cited by respondents in descending order of use.

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It is evident from Table 5.15, that the charity's mission is the most frequently cited [63%], while a minority of respondents cited low cost of operations [10%] and competitive low prices of services/products [4%] as their positioning differentiators. An interesting aspect of the findings is the unique relationship with government agencies [central and local] as a positioning differentiator. 14% of respondents cited this as their positioning dimension.

Overall, the findings suggest that respondents used a range of positioning dimensions within their generic PSs to distinguish themselves. The dimensions cited by respondents did not appear to be sub-sector specific. However, some of the dimensions cited appeared to be similar to those advocated in the extant literature, such as quality service, superior service/product benefits, specialist services, low cost, specialisation (e.g. Lovelock and Weinberg 1989; McLeish 1995; Kotler and Andreasen 1996; Hooley et al 1998b). On the other hand, other dimensions cited, such as the charity's mission, unique relationships with government, and support/ancillary services, seemed to be particular to the charitable context.

Table 5.15: Positioning dimensions used by survey respondents

Positioning Dimensions (ways in which respondents distinguish their organization) *(in descending order of usage)*	Positioning Dimensions in General Welfare & Social Care Respondents						
	Other Gen Wef (n=16)	Children (n=13)	Ben Funds (n= 9)	Elderly Care (n=5)	Service/ Ex-Serv (n=5)	Rel GenWef (n=3)	Total N=51 No. & %
We are different based on our organization's mission	11 (35%)	8 (25%)	5 (16%)	3 (9%)	2 (6%)	3 (9%)	32 (63%)
We specialize in serving the needs of particular user/client segments or in particular geographic segments	9 (32%)	6 (21%)	7 (25%)	2 (7%)	1 (4%)	3 (11%)	28 (55%)
We specialize in providing particular types of services/products to our customers (user/client/beneficiary)	8 (35%)	7 (30%)	2 (9%)	3 (13%)	1 (4%)	2 (9%)	23 (45%)
We are different based on the quality in which we deliver our services	8 (35%)	7 (30%)	4 (17%)	1 (4%)	2 (8%)	1 (2%)	23 (45%)
We are different based on the quality of the services/products offered	7 (39%)	6 (33%)	2 (11%)	3 (17%)	-	-	18 (35%)
We are different based on the wide range of services/product available	7 (47%)	3 (20%)	2 (13%)	1 (7%)	1 (7%)	1 (7%)	15 (30%)
We are different based on the degree of support/ancillary services that we provide	5 (46%)	3 (27%)	1 (9%)	-	2 (18%)	-	11 (22%)
We are different based on our network of branch offices	1 (14%)	1 (14%)	1 (14%)	-	3 (43%)	1 (14%)	7 (14%)
We are different based on our unique relationship with central and/or local government agency/branch	2 (29%)	1 (13%)	-	2 (29%)	2 (29%)	-	7 (14%)
We are different based on our low-cost of operations	2 (40%)	3 (60%)	-	-	-	-	5 (10%)
We are different based on the competitively low prices of services/products that we offer	2 (100%)	-	-	-	-	-	2 (4%)
	Notes: Totals do not add up to 100% because respondents in each sub-sector can choose more than one positioning dimension, but not necessarily all of them. Cell with no figure mean that no respondent in that sub-sector selected the particular dimension.						

5.7   Key Factors that influence the choice of positioning strategy

This section presents the key factors that respondents perceived to be most influential in their choice of positioning strategy. Respondents were asked to select the five most important factors from a list of twelve factors provided. At the same time, they were asked to rank from number 1 to 5 [1 denoting most important], the five factors selected in order of their perceived importance.

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Table 5.16 presents the key factors most frequently cited by respondents. Overall, the findings suggest that the choice of PS was influenced by factors, external and internal to their organizations. The key findings are highlighted as follows:

- The charity's mission was a particular influential factor cited by a majority of respondents in all sub-sectors. It played a crucial role in the organization's positioning, both as a primary influence in the choice of PS [82% cited] and a major strategic positioning differentiator [63% cited] as established in sub-section 5.6.5.

- The choice of PS was also influenced by both the needs of users/clients/beneficiaries [78% cited] and the needs of donors/funders [53% cited] as two key external stakeholders.

- External environmental factors, such as shifts or changes in socio-demographic, economic, political, regulatory and technology environments, and internal organizational factors, such as availability of organizational resources were cited by 67% of respondents respectively.

- Trustees/Board Members were perceived to be influential internal influencers. 38% of respondents cited preferences of this internal group of decision makers as a factor in the choice of PS.

- Another internal factor appeared to be organizational culture. 31% of respondents cited this factor.

- Of particular interest in SP is the influence of competition from the external environment. 29% of respondents cited actions of other charities in the same sector/sub-sector and 8% cited actions of VNPOs other than charities as important external influencing factors.

Table 5.16: Key factors influencing choice of positioning strategy in survey respondents

Most Influential Factors on Choice of Positioning Strategy *(in descending order of importance)*	Responses on Top 5 Factors Influencing Choice of Positioning Strategy in General Welfare & Social Care Respondents						
	Other Gen Wef (n=16)	Children (n=13)	Ben Funds (n= 9)	Elderly Care (n=5)	Service/ Ex-Serv (n=5)	Rel Gen Wef (n=3)	Total N=51 No. & %
My organization's mission	11 (69%)	11 (85%)	8 (89%)	4 (80%)	5 (100%)	3 (100%)	42 (82%)
The needs of various groups of target users/clients/beneficiaries targeted	14 (88%)	9 (76%)	8 (89%)	5 (100%)	2 (40%)	2 (67%)	40 (78%)
My organization's available resources (financial, human, physical)	12 (75%)	10 (77%)	6 (67%)	1 (20%)	4 (80%)	2 (67%)	35 (69%)
External Environmental Factors (political, regulatory, economic, social, technology, demographics)	11 (69%)	9 (69%)	6 (67%)	4 (80%)	3 (60%)	1 (33%)	34 (67%)
The needs of various groups of target donors/funders	9 (56%)	9 (69%)	4 (44%)	2 (40%)	2 (40%)	1 (33%)	27 (53%)
Preference of Trustees/Board members	4 (25%)	6 (46%)	6 (67%)	1 (20%)	-	2 (67%)	19 (38%)
My organization's culture	4 (25%)	5 (38%)	2 (22%)	2 (40%)	2 (40%)	1 (33%)	16 (31%)
Actions of other charitable organizations in the same sector/sub-sector	5 (31%)	1 (8%)	3 (33%)	2 (40%)	2 (40%)	2 (67%)	15 (29%)
Government (central or local) funding agency	5 (31%)	1 (8%)	1 (11%)	-	-	1 (33%)	8 (16%)
The needs of various other groups of volunteers	2 (12%)	1 (8%)	-	1 (20%)	1 (20%)	-	5 (10%)
Actions of Voluntary organizations other than charities	1 (6%)	3 (23%)	-	-	-	-	4 (8%)
One or more dominant non-government funding organization(s)	2 (12%)	-	-	1 (20%)	1 (20%)	-	4 (8%)

Notes: Totals do not add up to 100% because respondents select five factors that they think are most important in influencing their choice of positioning strategy and dimensions. Cell with no figure mean that no respondent in that sub-sector selected the particular factor.

- Another area of interest in this study was how respondents perceived the influence of funders/donors. Government [central and local] funding agencies were seen as an external influencer of PS by 16% of respondents. A further examination of the profile of these respondents revealed that they had derived at least 30% of their annual income from government funding, with two thirds

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receiving above 65% of their funding from statutory sources (CAF 2003). In addition, one or more dominant non-government funding organization[s] was perceived by 8% of respondents to influence their PS.

- 10% of respondents perceived the needs of other volunteers [besides the Board of Trustees] as a factor that could influence the choice of PS. A closer examination of the profile of these respondents revealed that they relied heavily on voluntary income for at least 90% of their total annual income (CAF 2003).

5.8 Summary of key findings in survey stage

This section summarises the key findings that have been presented in this chapter. The summaries are presented in order to answer the research questions posed for this stage of the study.

To what extent do charitable organizations undertake SMP activities in their organizations? *[RQ 1.1]*

- The extent of SMP activities was measured for the first time for this study using a 13-items Likert-style summated rating scale. The total mean score of 6.38 for the thirteen SMP activities suggests that COs in the GWSC sub-sectors had begun to undertake SMP fairly extensively in their organizations. The finding suggests that marketing planning was undertaken at a more strategic level rather than at a tactical level as was concluded in some earlier studies in the 1990s.

- COs undertake SMP activities to varying extents. Activities such as 'Segmentation of Donors/Funders', 'Developing Fundraising Plans and Actions' and 'Developing Communications Plans and Actions' occupied the top three places in the list of SMP activities found in the study.

- Evidence from this stage of the study also revealed that COs acknowledged the presence of intensifying competition for financial and other crucial organizational resources. This finding supports previous reports and studies (e.g. Sargeant 1995; NCVO 2004a,b) that suggested increasing competition for funding and other organizational resources among charities in the UK. However, competitor analysis and market research on donors and users were the least extensively performed by COs found in this study.

- There is evidence to suggest that some form of positioning activity was undertaken as part of the overall SMP activities, but this was performed less extensively than other SMP activities. As shown in sub-sector 5.8.2, the mean score for 'Identifying the Charity's Positioning Dimensions' was 5.84, which was below the total mean score of all thirteen SMP activities.

To what extent do charitable organizations undertake PS activities in their organizations? *[RQ 1.2]*

- As with the SMP activities, the extent of PS activities was measured for the first time for COs in this study using a 6-items Likert-style summated rating scale. The total mean score of 6.64 for the six PS activities suggests that COs in the GWSC sub-sectors undertook PS activities fairly extensively in their organizations.

- There was lower priority given by GWSC charities to identifying/selecting the positioning dimensions that distinguishes their organization from other providers. Positioning dimensions are critical components of a PS. They reflect the key strengths [assets and competences] of the organization, which need to be supported by organizational resources and capabilities in order to be sustainable over a period of time (Hooley et al 1998a; 2001). The implication for SP in COs

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is to understand how different positioning dimensions can serve as strategic bases upon which their PS draws its advantage.

Are there generic or core PSs pursued by charitable organizations? In what ways are they similar or distinct from those proposed in contemporary strategy/marketing literature? *[RQ 1.3, RQ 1.5]*

- The majority of COs adopted differentiation positioning and focus positioning as their preferred generic or core PS. This finding supports the assertion by some authors that differentiation positioning and focus positioning are more appropriate for COs/VNPOs (McLeish 1995; Saxton 1996; Bruce 1998). COs that adopted focus positioning tended to be smaller in size in terms of total annual income and number of paid staff, and derived a smaller proportion of their total income from voluntary income compared to those adopting differentiation positioning.

- Low-cost positioning was pursued by only one respondent in the study. Bruce (1998) suggests that low-cost positioning is difficult to apply to a CO as it requires the organization to be a dominant player or occupy a monopoly position in the sector/sub-sector that it operates. At the same time, the inherent resource dependency of many charities on external resource providers suggests that sustaining a low-cost leadership position is often difficult, if not impossible over the long term (Chew 2003).

What are the positioning dimensions used by charitable organizations to distinguish themselves? In what ways are they similar or distinct from those proposed in contemporary strategy/marketing literature? *[RQ 1.4, RQ 1.5]*

- GWSC charities utilized a variety of dimensions to distinguish themselves from other providers, and to support their generic or core positioning. Some of these

positioning dimensions were similar to those advocated in the strategy/marketing literature. However, other dimensions cited by respondents did not appear to be sub-sector specific nor did they conform fully to textbook prescriptions.

- Mission was the most frequently cited positioning dimension by respondents. Zineldin and Bredenlow (2001) show that vision, mission [or purpose] and SP of an organization are interrelated. However, in identifying reasons for the organization's existence and what it does, the mission could either guide or constrain PS choices.

- The unique relationships with central or local government agencies were also cited as key differentiators by 14% of respondents. Over 40% of those respondents had received at least half of their annual income from government sources of funding. This finding reflects the evolution of the UK government's policy of partnership and contracting of public services delivery over the past decade (NCVO 2003). An impetus for the increasing visibility of the UK voluntary sector since the later part of the 1990s had arguably been the government's encouragement and support in the form of tax concessions and direct financial funding (Strategy Unit 2002). In such a climate, strategic relationships between central and local statutory organizations and those VNPOs/charities that deliver key public services could be an increasing trend in the future (Chew 2006b). This has implications for COs in deciding and maintaining their strategic positions in the future.

[5] **What are the key factors external and internal to the charitable organization that influence their PSs? In what ways are they similar or distinct from those proposed in contemporary strategy/marketing literature?** *[RQ 2.1, RQ 2.4]*

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- The most important influencing factors perceived by GWSC charities comprised of a combination of external environmental and internal organizational factors, some of which are not commonly cited in the extant literature.

- External factors cited, such as shifts or changes in socio-demographic, economic, political, regulatory and technology environments, and competition, and internal organizational factors, such as availability of organizational resources and organizational culture appeared to be similar to those mentioned in the marketing literature on positioning.

- However, other factors cited appeared to be unique to the charitable context. These included the charity's mission, the needs of two distinct groups of key external stakeholders – users/clients/beneficiaries and donors/funders, preferences of the charity's Board of Trustees, needs of volunteers, and to a small number of respondents, influence from government funding agencies.

- The charity's mission, in particular, was the cited as the most influential factor in the organization's PS. However, it is less clear from this exploratory survey why the charity's mission and other factors were selected and how they had/could have influenced the charity's PS. These factors could have major implications on the direction of SP and strategic priorities in COs.

5.9 Emerging themes

As it was established in Chapter 4, the lack of adequate existing research into the SP of COs had necessitated the use of this survey to firstly explore the positioning activities of these organizations. The exploratory survey utilised in this stage of the study had provided evidence to broadly identify the PS activities of COs. However, the evidence is descriptive in nature and cannot provide adequate explanations for the phenomenon under investigation. Therefore, in order to fully understand the extent of SP undertaken

by these organizations and the factors that influence their choice of PS, it was necessary to examine the phenomenon in more depth.

Three emerging themes became evident from the key findings in this stage of the study, and would require further investigation at the next stage of the study, namely, the case studies stage. These themes are:

[1]   Process – How was PS developed?

It was necessary to examine in more depth the process of developing PS in the charitable context, in order to gain a better understanding of the relationships between various external and internal factors on PS choices and the impact of the factors' influences.

[2]   Strategy – What were the components of the current PSs of COs? How and
**   why have these changed since the organization's inception?**

The survey findings had provided a snap shot view of the key components of a PS in GWSC charities. They did not, however, explain why a particular generic or core PS or a particular positioning dimension was adopted by the organization. It is therefore necessary to go beyond the surface and examine in greater depth the components of the organization's current PS, and explore the rationale behind the choice of those components.

[3]   Influencing Factors – Which factors were more important in the CO's
**   context? Why and how did they influence the PS?**

Evidence from the exploratory survey suggested that a complex combination of external environmental factors, organizational factors and key stakeholders appeared to influence the choice of the charity's PS. Additionally, some factors appeared to conform to propositions made in the extant literature, while others did not. However, the exploratory nature of the findings would not be able to explain why some factors were perceived as more influential than others, and how these factors had influenced/could have influenced the organization's PS. An In-depth investigation into the context of COs was therefore required to adequately answer these additional research questions.

5.10 Conclusions

The purpose of this chapter was to present empirical evidence gathered during the exploratory survey stage of this study regarding the extent of PS activities of COs. The data collection and analysis were guided by research questions that were established at the conceptualisation stage of this study. The chapter began by describing the characteristics of the sample of GWSC charities. It proceeded to highlight a series of findings into the PS and SMP activities undertaken by these organizations. Because of the lack of existing scales to explore the extent of these activities in the voluntary sector context, two scales were developed specifically for this study. In this regard, and to the best of this author's knowledge, the scales were the first of their kind developed for this study in the VNPO/CO context.

The findings presented in this chapter provide empirical evidence that SMP and PS activities have begun to be undertaken by COs. These activities, however, were performed to varying extents. There is also evidence to suggest that the major components of a PS, such as generic or core positioning and positioning dimensions were apparent in the survey respondents. The key factors that could influence the choice of PS were explored. It was found that while some of the SMP activities, PS activities and key factors conformed to those advocated in the literature, others did not.

A summary of the key findings have been offered with the use of research questions that were stated at the beginning of this chapter to guide the presentation of evidence gathered. Due to the exploratory nature of this stage of the study, it was necessary to identify several emerging themes for further and in-depth investigation in order to answer the research questions more comprehensively. The next chapter presents the evidence gathered at the third stage of this study, that is, the case studies stage.

Chapter 6 : Presentation of Evidence in Case Studies Stage

6.1 Introduction

This chapter is the second of two chapters that present the empirical findings of data gathered in this study. The first of these two chapters, Chapter 5, provided descriptive data gathered during the exploratory survey stage. This chapter presents evidence gathered during the case studies stage as part of the three-stages methodology employed in this study. It is based, in part, on a paper written by this author [see Chew (2006b) in Appendix 10]. The main purpose of this third stage was to investigate in greater depth the extent of SP activities of COs in four cross sectional case studies along three main themes, which have emerged from the exploratory survey stage as explained at the end of Chapter 5. The chapter begins with a review of the main themes and research questions established for this stage of the study. Next the profiles of the case organizations are described. This includes their responses to the exploratory survey questionnaire, which were gathered at the preceding methodology stage in this study. This initial pool of data from the case organizations provided an important base upon which findings from the case studies could be complemented, compared, and validated.

The results of the case studies are then presented in two parts. Firstly, findings from intra-case investigations along the three main themes are reported. These are followed by findings from the analysis across the four cases. The intent here is to identify commonalities and differences between the four cases along the main themes guiding the investigation. In order to answer the research questions for this stage of the study adequately, the findings presented in the case studies are a combination of descriptive and explanatory evidence. Summary of the key findings from this stage of the study and conclusions to this chapter are offered.

6.2 Key themes and research questions reviewed

It has been established in Chapter 4, sub-section 4.6.1 of this thesis that an inductive research strategy was used to gather evidence in this case studies stage of the study. However, an element of deduction was evident from looking at the use of the preliminary conceptual framework established during conceptualization stage and key themes that had emerged from the survey stage to guide data collection and analysis in the case studies.

The three key themes summarised in Chapter 5 section 5.9 and the related subsidiary research questions [RQs] established in Chapter 4 for this stage of the study are re-stated in this section in order to guide the presentation of evidence in this chapter.

- **Process**: How was the process of SP in the case organizations [RQ 2.5]? Were there similarities or differences between the cases, and what were the reasons for these? [RQ 2.6]

- **Strategy:** What were the components of the case organizations' PSs [RQ 1.3, RQ 1.4]? Why were these adopted? Were there similarities or differences between the cases, and what were the reasons for these [RQ 1.5]? Has the PSs of the case organizations changed since their inception? In what ways have they changed and what prompted or caused the change?

- **Influencing Factors**: What were the key factors that influenced the case organizations' choice of PSs [RQ 2.1]? How have they affected the organization's strategic position [RQ 2.2, RQ 2.3]? Were there similarities or differences in the factors between the cases, and what were the reasons for these [RQ 2.4]?

6.3 Profiles of the case study organizations

In Chapter 4, sub-section 4.6.3, the four COs selected for the case studies were introduced, and the selection criteria were identified. This section explains these criteria further and describes the profiles of the case organizations in more detail.

The four cases were selected from among twelve survey respondents that had agreed to participate in the case studies. The case organizations were assured of anonymity and confidentiality. Pseudonyms 'Children Homes', 'Community Care', 'Rescue Service' and 'Drugs Care' are therefore used to denote Case 1, Case 2, Case 3 and Case 4 respectively. As it was explained in Chapter 4 sub-section 4.6.2, the four cases investigated in this study were selected based on a combination of organizational characteristics and their responses in the survey questionnaire. The initial organizational criteria were a combination of total annual income and proportion of statutory income versus voluntary income.

Figure 6.1 shows that these criteria produced four organizations, each of which was contrasting relative to the others. Cases 1 and 2 were relatively smaller organizations in terms of their total annual income [within the income band of £1 million to £10 million] compared to Cases 3 and 4 [above £10 million]. As shown in Figure 6.1, three of the four cases, i.e. Cases 1, 3 and 4, had relatively extreme proportions of statutory income compared to voluntary income. For instance, voluntary income was the predominant source of income for Cases 1 [100%] and Case 3 [90%], while Case 4 depended on over 95% of its total income from statutory income. On the other hand, nearly half of the total annual income in Case 2 was derived from statutory sources at the time of this study. Whilst voluntary income remained the most important source of income for this organization, it had taken on an increasing number of local government contracts since 2001, which had resulted in the growth of statutory income for that CO. The different funding patterns in the four cases were useful in providing cross-case comparison on the influence of external sources of funding on the charity's PS under different funding situations.

Figure 6.1: Four cross-sectional cases based on different bands of total income, proportion of statutory versus voluntary incomes as at 2003-04

Over £10 million	£1 to £10 million
CASE 3 **RESCUE SERVICE** 1% Statutory Income 90% Voluntary Income	CASE 1 **CHILDREN HOMES** 0% Statutory Income 100% Voluntary Income
CASE 4 **DRUGS CARE** 95% Statutory Income 1% Voluntary Income	CASE 2 **COMMUNITY CARE** 49% Statutory Income 41% Voluntary Income

Within the initial organizational criteria, other characteristics in the four case studies were utilized as additional selection criteria. These were: the age of the organization in terms of the number of years since it was founded, size of paid staff, size of volunteers to support the activities of the charity, and the types of services provided in the organizations' respective sub-sectors. The combination of criteria employed would therefore allow for comparison of findings between the case organizational contexts, while offering a degree of generalisability in the findings in the sub-sector that they operate in.

The next sub-sections 6.3.1 to 6.3.4 describe the background and organizational contexts of the four COs in more detail.

6.3.1 Case 1 – Children Homes

Children Homes was the smallest of the four cases in terms of total annual income and number of paid staff at the time of this study. The charity operated in the 'Children' sub-sector of the GWSC charities in the UK. It was ranked 388th position amongst the top 500 British COs based on voluntary income in 2002 (CAF 2003).

It was set up 22 years ago with a mission to provide high quality 'Homes from Home' accommodation for families of sick children who were receiving treatment at paediatric hospitals, regardless of the type of illness. The concept of 'Homes from Home' was established by the charity's management to guide its strategies and operations in order to ensure that families [parents, guardians, relatives] of seriously sick children could remain close to them while receiving treatment at the hospital. As at December 2004, the CO had been operating seven 'Homes from Home' accommodations in different parts of the country. Each accommodation was acquired or built by the charity after successfully gaining contract with a nearby publicly funded hospital to refer families of sick children to use its accommodation services. Together they provided accommodation support to 3,600 families in 2004.

The charity's total income was derived mainly from voluntary sources, such as corporate and individual donations, legacies, charitable trusts, hospital donations and other fundraising activities. At the time of this study, the charity received no financial support from statutory sources, nor did it use volunteers actively at the time of this study, although some volunteers helped in fundraising events.

6.3.2   Case 2 – Community Care

Community Care was the 'youngest' charity among the four case studies in terms of years in operation since inception. It was founded 17 years ago as a regional grant-making charity serving Tyne & Wear and Northumberland region of England. It operated in the 'Other General Welfare' sub-sector of the GWSC charities. It was ranked 102nd position amongst the top 500 British COs based on voluntary income in 2002 (CAF 2003).

The charity's business model for grant making had originated from the United States and was shaped after the 'Community Foundation' concept, in order to channel local giving

more effectively[1]. Its mission was to help build stronger communities by promoting local giving for the benefit of local community needs/causes. Since its inception, the charity has grown rapidly to become the largest community foundation in terms of endowed assets in the UK and Europe by 2004[2].

The charity generated funds by encouraging local giving primarily from voluntary sources [companies, legacies, wealthy families and individuals] and distributing these to voluntary and community groups/projects that provide a wide range of services specifically in the North East region of the country. Since 2000, the CO has managed an increasing volume of government grant schemes/programmes to support local communities in the North East. 30% of the charity's total annual income came from managing government grants in 2002-03 (Community Care Annual Report 2004). This proportion had increased to 49% in 2003-04, and comprised of grants from the Community Chests, Included Community Fund[3] and the Local Network Fund[4] on behalf of the Government Office, NorthEast, and in partnership with local development agencies. 60% of its total grants given out in 2003-04 were from government-funded programmes/projects (ibid).

6.3.3   Case 3 – Rescue Service

Rescue Service was the largest of the four case studies in terms of its total annual income and number of paid staff. It operated in the 'Other General Welfare' sub-sector of the GWSC charities. It was ranked 4th position amongst the top 500 British COs based on voluntary income in 2002 (CAF 2003).

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[1] The first United States community foundation was established in Cleveland, Ohio. By 2004 there was a network of over 1,000 communities throughout the world (Community Care's Annual Report 2004, and corporate presentation slides 2004)

[2] There were over 60 community foundations in the UK as at 2004, generating more than £74 million in assets and distributing £38 million in local grants each year (Community Care's public presentation slides 2004).

[3] Included Community Fund is a major programme of grants for economic regeneration and capacity building in the voluntary sector awarded on behalf of Tyne Wear Partnership with funds from One NorthEast and the European Union (Community Care's Annual Report 2004, and interviews with Marketing & PR Manager, November 2004).

[4] The charity managed and awarded grants from the Local Network Fund provided by the Department for Education and Skills to counter children poverty and to develop potential of children and young people in Tyne & Wear and Northumberland (Community Care's Annual Report 2004).

Since its inception 180 years ago, the charity's mission has been to save lives at sea through its emergency lifeboat service. From 2000 it had begun to expand this core service into beach lifeguarding services delivered under contracts to local authorities in the southwestern areas of England. As at 2004, the CO provided rescue services from 233 lifeboat stations strategically located across the coastlines of UK and the Republic of Ireland[5] and 57 beach lifeguard units on behalf of seven local authorities in the South West of England (Rescue Care Annual Report 2004).

Voluntary income was the largest proportion of its total annual income, which was over 90% in 2004. The proportion of statutory income was relatively small at less than 1% of total income, which came from local government contracts for beach lifeguarding service (ibid).

The CO was the only organization among the four case studies that relied heavily on volunteers to deliver its core services, i.e. to operate the lifeboat stations and in fundraising at its 300 regional branches and guilds across the country. The charity utilized over 43,000[6] volunteers to support its core and supporting services (Rescue Service Annual Report 2004). More than 95% of the charity's 4,500 lifeboat crew were volunteers; while its beach lifeguards were mainly paid staff.[7] Besides service delivery, it had increased its range of preventative activities, such as education/training on sea safety. In April 2004, its flagship-training centre was opened at a cost of £19.7 million to provide training for its volunteer lifeboat crew and other educational purposes on sea safety to support its operations.

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[5] The charity's lifeboat service in the UK received no statutory funding; the Irish Government makes a contribution to the charity's lifeboats in Ireland (Rescue Service's Communication Strategy publication 2004-05).

[6] 13,000 lifeboat volunteers served as lifeboat crew, coxswains/helmsmen, branch officials, shore helpers and supporters; another 30,000 volunteers helped in fundraising activities at branches and guilds across the UK and Republic of Ireland in 2004 (Rescue Service's Annual Report 2004).

[7] The charity worked under a partnership agreement with the Society of Life Saving Association (SLSA) of Great Britain and Royal Life Saving Society (RLSS) of UK to provide volunteer lifeguards, if needed. (Rescue Service's Beach Lifeguarding Report 2000-04).

6.3.4   Case 4 – Drugs Care

Drugs Care was set up 37 years ago as a voluntary membership association aimed at providing drug treatment services to adult mis-users. The charity operated in the 'Other General Welfare' sub-sector of the GWSC charities. It was ranked 341st position amongst the top 500 British COs based on voluntary income in 2002 (CAF 2003).

The mission of the organization was to reduce both the use of, and the harm caused by, drug and alcohol misuse. By April 2005 it operated 70 treatment services in England and Scotland and provided services to 23,000 people yearly with a range of support in the form of community based services, day and residential programmes, criminal justice and prison-based services, young people services, alcohol services, help-lines and education (Drugs Care Annual Report 2004-05).

The proportion of income from statutory sources had increased substantially during the past decade, in particular since 1998, which was when the current Labour Government's ten-year National Drug Strategy began. This strategy was the first cross-cutting strategy introduced by the government to tackle illegal drug misuse in the country in an integrated way (Home Office 2005a). A key part of this strategy was treatment services for mis-users. Government has increased its financial commitment to treatment, which would reach £478 million by 2008 (Home Office 2005b). Consequently, a key area of income growth since then had been from statutory grants and programmes managed for central/local government funding agencies.

In addition, the charity's core service of drug treatment had expanded into alcohol treatment since 2003 at the same time when the Government introduced its Alcohol Strategy to tackle the increasing social problem of alcohol addiction in the country. Annual income had grown nearly six fold from £3.4 million in 1997-98 to £16.8 million in 2003-04 (Charity Commission 2005c). The charity's heavy dependency on statutory sources of income [fees and contract income] had increased since the mid 1990s, and amounted to over 95% of its total income in 2004. These non-voluntary funding sources included local Drug Action Teams and Health Authorities, Local Authorities, Home

Office [Police Service, Probation Service and Prison Service], Community Fund and the European Social Fund in 2004. In contrast, income from voluntary sources has declined over the years. This amounted to below 1% of its total income in 2004. Corporate donations/sponsorships constituted the largest proportion of voluntary income.

Besides its core treatment services, the CO undertook research into drug and alcohol issues to influence central government and local commissioning agencies on the design and implementation of drug and alcohol policies and to identify good practice in delivering services to its clients (Drugs Care Annual Report 2003-04). Whilst volunteers were at the heart of the CO's activities during its founding years, their involvement had diminished over the years. At the time of this study, it operated two volunteer schemes and an apprentice scheme involving 50 to 60 volunteers. These schemes recruited former substance mis-users and trained them to become drug and alcohol workers with the organization.[8] However, the size of these schemes and other volunteer involvement in the charity had remained limited because of funding constraints.

Table 6.1 summarises the key features of the four case studies at the time of this study. It illustrates that the four cases were contrasting in terms in their organizational characteristics and nature of services provided. Rescue Service was the most established in terms of age and the largest in terms total annual income and size of paid staff. It was ranked the highest in the top 500 fundraising charities among the four COs (CAF 2003). On the other hand, Children Homes was the smallest of the four COs along the same organizational characteristics. Although the four COs were involved in the delivery of different types of public services, their dependency on voluntary income compared to statutory income varied, which was already established early in section 6.3. An interesting point was the degree to which the COs depended on volunteers in their organizations. Rescue Service appeared to be the most dependent on volunteers among the four COs. Besides contributing as trustees, volunteers played other crucial roles in

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[8] The current volunteer recruitment and training schemes started in 1997. Originating from the CO's London office, it proved to be very successful and was replicated in other areas such as Hastings, Derby and for a short period of 18 months in Walsall, West Midlands. However, funding became the main limiting factor to finance volunteering on a larger scale in the charity (data from interviews in Drugs Care, Walsall and London offices in May/June 2005).

this charity by delivering its rescue services, operating the lifeboat stations and managing the fundraising branches and guilds across the country.

Table 6.1: Key features of the case study organizations

Key Features	Case 1 Children Homes	Case 2 Community Care	Case 3 Rescue Service	Case 4 Drugs Care
GWSC Sub-Sector	Children	Other General Welfare	Other General Welfare	Other General Welfare
Years in existence From inception to 2004	22	16	180	37
Scope of Core Services	Accommodation for families of sick children receiving treatment in hospitals in England	Grant making Community Foundation serving North East of England	Emergency sea and beach search and rescue in England and Republic of Ireland	Drug and alcohol treatment to mis-users in England and Scotland
Paid staff in 2004	22	26	1234	704
Volunteers involvement & estimated number of volunteers	Trustees, Fundraisers (20-30)	Trustees (15)	Trustees, Life boat crew, life boat stations helpers, Fundraisers (45,000)	Trustees, Volunteer scheme - drug treatment workers (50-80)
Voluntary income (% of total income in 2004)	100%	41%	90%	Less than 1%
Statutory income (% of total income in 2004)	0%	49%	Less than 1%	95 %
Total income (2004)	£1 million	£9 million	£ 125 million	£ 17 million
CAF Top 500 Ranking based on total annual voluntary income in 2002	388th position	102nd position	4th position	341st position

(Source: Data extracted from case organizations' Annual Reports, other organizational documents, semi-structured interviews with key respondents at head/branch offices and Charities Aid Foundation's 2003 ranking of top 500 charitable organizations)

6.3.5 Responses to survey questionnaire

In addition to the organizational characteristics identified in each of the four cases, their responses to selective questions in the survey questionnaire gathered at the exploratory survey stage of this study are presented here. Two main purposes are intended and have been established in Chapter 4, sub-section 4.6.5 and 4.7. First, the information provided

an important source of data to complement the findings from the case studies, thereby building a more complete picture of each case organization. Second, comparing them to the case studies findings, where appropriate, had facilitated methodological triangulation in this study (Jick 1979; Osborne 1998).

Table 6.2 reviews the responses of respondents in the four case organizations on selective questions in the questionnaire from the exploratory survey stage of this study.

Table 6.2: Comparison of case study organizations's responses in survey questionnaire

Survey Question	Children Homes (Case 1)	Community Care (Case 2)	Rescue Service (Case 3)	Drugs Care (Case 4)	Four Case Studies n=4	Survey Respondents N=51
Extent of Strategic Marketing Planning (SMP) activities *(Mean score for 13 items on scale of 0-10)*	7.16	7.69	7.69	4.77	6.83	6.38
Extent of Positioning Strategy (PS) activities *(Mean score of 6 items on scale of 0-10)*	6.5	8.7	5.7	4.5	6.35	6.64
Perception of Current Competitive Intensity for funding & other resources in sub-sector	Moderate	Moderate	Low	High		
Change in Competitive Intensity over next five years in sub-sector	High increase	Moderate increase	Moderate increase	High increase		
Main competitor[s] for funding and other resources in sub-sector/sector	Other charities providing similar service	Other charities & private firms providing similar service	Private sector providers of similar service	Other charities providing similar service		
Responsibility for marketing activities in the organization	Marketing & PR * Manager	Marketing & Comm* Manager	Head of Central FR/Comm*	Head of External Affairs		

(Abbreviations used in table * : PR= public relations, FR= fundraising, Comm = communications)

- As it is revealed in Table 6.2, the mean score indicating the extent of strategic marketing planning [SMP] in the four case organizations as a group was 6.83. This was slightly higher than the mean score for the total survey respondents, which was 6.38 (also see Chapter 5, sub-section 5.5.2). In terms

of the extent of PS activities, the mean score for the four case organizations as a group was 6.35. This was slightly lower than that for the total survey respondents, which was 6.64 (also see Chapter 5, sub-section 5.6.1). The findings suggest that the four case organizations as a group undertook both SMP and PS activities moderately, and the extent of their activities was not in significant variance from the total survey sample respondents.

- However, when the individual scores were taken into consideration, they revealed that Drugs Care was the only organization out of the four case studies that had a mean score below the mean scores of the four cases as a group, and the total survey respondents, for both SMP and PS activities. The other difference is Rescue Service's mean score for PS activities. This was below that of the four case studies as a group. This variance could be explained when comparing its organizational context, history and different funding pattern with the other three case organizations (also see Table 6.1 and Figure 6.1).

- There were also variations in the level of competitive intensity for funding and other organizational resources in the four cases. Only Rescue Service perceived low or little competition at the time of the study, while the other three cases perceived moderate to high levels of competition. All four cases felt that there will be further increase in the current level of competition over the next five years. This finding was consistent with the perception of the survey respondents as a group (also see Chapter 5, sub-section 5.4).

The findings presented in this sub-section are descriptive in nature and intended to provide an initial base of information to guide the selection of the four case organizations for in-depth investigation. Variances that have emerged from the survey responses of the four case organizations were examined further in the case-study analysis and are presented in sub-sections 6.5 in this chapter. The next section presents the findings from the case studies, i.e. those gained from the intra-case analysis.

6.4 Findings from intra-case analysis

Following the introduction of the four case organizational contexts in the preceding section, this section presents the findings from each case study that have been analysed along the three main themes identified in section 6.2 of this chapter. The evidence was gathered from semi-structured interviews with key strategy planners at the COs' head offices, group discussion with other head office/branch office staff and organizational documents relating to corporate plans, organizational and marketing strategies, and annual reports from the case organizations.

6.4.1 Theme 1 - Process of strategic positioning

This first theme explored the process of identifying the organization's strategic position and developing its PS.

6.4.1.1 Case 1 – Children Homes

There was evidence of a formal process in developing the charity's organization-wide corporate strategy. As a relatively 'young' CO, the formalized process of developing the corporate strategy had evolved over time as the organization grew and become more established in its particular area of service provision. However, there appeared to be little formalized pre-planning in the organization regarding its strategic directions prior to 2001. Since then, the CO had initiated more conscious efforts to developing and communicating its strategic plan for the longer term.

Moreover, there was little evidence to suggest that there was a formal and planned approach in developing the CO's strategic position. It had emerged from a series of actions, in particular, since 2001 at the charity's first Away Day, rather than being conceived as a part of a pre-planned process. At the same time, identifying the organization's strategic position had emerged from the process of developing/reviewing its corporate strategy rather than being developed separately or as part of a conscious and deliberate SMP process.

"The positioning direction and positioning statement of the charity were developed within the corporate strategy planning process, which are reflected in the mission statement and in the strategic focus of the organization today." (Chief Executive, Children Homes)

Additionally, certain events had initiated conscious efforts to develop formalised longer-term strategic plans and to identify the CO's strategic position. These became particularly significant from the beginning of the new millennium. Changes in the wider external economic, socio-demographic and political environments since the late 1990s had created increased pressure on its operations. These external forces had resulted in increased competition for voluntary income, public attention, and in changing relationships with various key external stakeholders, in particular, hospitals that provided paediatric care for sick children. Furthermore, the current Chairman of the Board of Trustees and the Chief Executive[9] brought strategic management thinking into the organization's planning approach from 1999/2000, which had led to more formalized strategic reviews in the CO since then.

The CO had a dedicated marketing [public relations/communications] function within the organizational structure, but this was only created recently in 2003. The marketing function appeared to play a supporting, rather than leading role in the SP process, in particular, in communicating the organization's positioning messages to various audiences once these had been defined by senior management and approved by the Board of Trustees.

Figure 6.2 depicts a schematic that attempts to trace the process stages of developing the corporate strategy and identification of the positioning strategy components in Children Homes. The use of diagrammatic representation here is intended to clarify what in reality could be a halting and uneven process of strategy development. It must therefore be acknowledged that a degree of post-

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[9] The 'current' Chairman of the Board of Trustees and Chief Executive were in office at the time of completion of the data collection in November 2004.

hoc rationalisation could be inherent in interviewees in their depiction of this process of development.

Figure 6.2: Children Homes – Process stages in the strategic planning process (incorporating identifying positioning goals of the organization from 2001)

(1st away day)
2001 .... 2002 ....▶ 2003/04
(2nd away day)
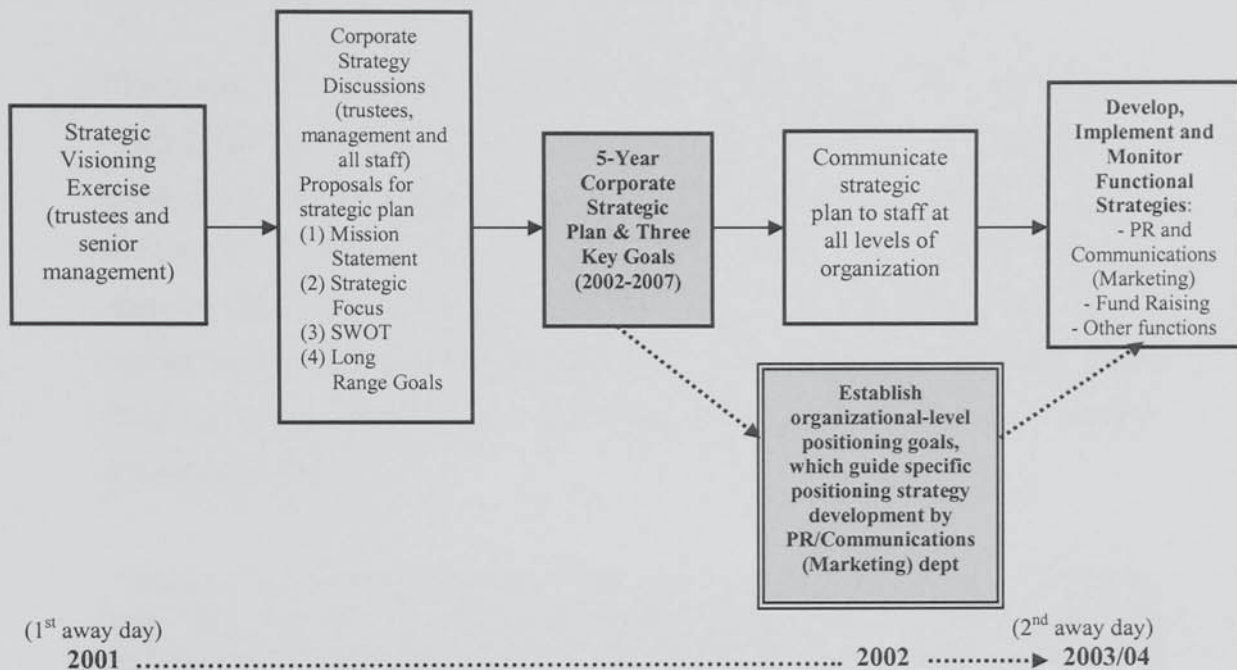
(References: The charity's 5-year Corporate Strategic Plan 2002-2007; Strategy Development Process Framework from Chief Executive, Sept 2004/April 2005; Branding Strategy and Fundraising Strategy 2004; Interviews with Head of PR/Communications and Head of Fundraising September 2004)

6.4.1.2   Case 2 – Community Care

This CO's strategy development occurred at two main levels: a more structured 5-year corporate planning process which covered organizational-wide issues, and functional strategies developed by the various departments at the operational level. However, before 2001 there was no explicit formal process of developing its corporate plan, nor was there a process of identifying its strategic position. In 2004, the Board of Trustees and Chief Executive initiated a formalized strategic planning process to create the CO's first 5-year vision and strategy plan for 2005-2009. A four-page document summarizing the key points of the plan was communicated to staff and other external stakeholders through its

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marketing/public relations unit. The charity's 5-year corporate plan identified four major activities [or core businesses] of the organization, which enabled a more focused direction for its activities. These core activities were grant-making, donor care, funds development and advocacy in topical social issues in the north east region of England.

There was little evidence of a formalized process to identify the organization's strategic position or to develop its PS. These had occurred quite unconsciously prior to its 5-year corporate planning initiative in 2003. It appeared that the CO's review of its strategic position was part of the charity's corporate planning process since 2003. The review identified the CO's four core businesses, its key strengths, core competences, and resources support over the longer-term, rather than conceiving them from a separate process or as a deliberate marketing planning process.

"The new 5-year corporate plan reinforced the organization's core positioning and was developed to ensure the organization, people and resources are focussed in that direction versus straying too much into government funding and statutory services." (Grants Manager, Community Care)

There was no dedicated marketing responsibility in the CO before 2003, although various departments previously undertook different marketing-related activities, such as developing marketing communication materials and fundraising. Since 2003, a marketing/public relations manager was appointed to implement organizational-level marketing activities, including communicating the charity's positioning messages to its various target audiences. Furthermore, changes in the wider external economic and socio-demographic environments since the late 1990s had resulted in declining investment returns for the CO's endowment funds and increased competition for its legacies/other voluntary income. During that period, the Labour Government had increased funding for programmes/projects to local community development in the country. This evolving policy context had enabled the CO to take on an increasing volume of

local government funded schemes/projects available in the North East in an effort to compensate for the decline in its voluntary income. By 2004, the amount of statutory funding had increased to nearly 50% of the charity's total annual income. These developments had prompted the Board of Trustees and Chief Executive to initiate conscious efforts to review the CO's future strategic options and directions whilst ensuring it did not stray from its mission.

Figure 6.3 attempts to trace the process stages of the CO's corporate strategy planning process, which incorporated identifying the strategic position of the organization (also refer to sub-section 6.4.1.1 and Figure 6.2 regarding post-hoc rationalisation).

Figure 6.3: Community Care - Process stages of developing 5-year Corporate Plan 2004-09 (incorporating reviewing the strategic position of the organization)

Aston University

Illustration removed for copyright restrictions

(References: The charity's 5-year Vision and Strategic Plan 2004-2009; Interviews on Strategy Development Process with Chief Executive/Marketing and PR Manager and Grants Team Manager, November 2004)

6.4.1.3   *Case 3 – Rescue Service*

At the time of the case study, this charity had three modes of planning: a long range strategic planning horizon of 11 to 20 years; a medium term business planning horizon of 4 to 10 years; and a short term operational horizon of 1 to 3 years. The three modes of planning in the charity have evolved over time and refined since 1999. Although a conscious effort was made by the senior management team to rethink the relevance of the organization's purpose in view of changing environmental conditions, there was little formal mechanism or structure in place before 1999 to regularly plan and review the CO's organizational-wide strategies. Since 2003, the strategic planning process became more structured and formalised.

In 1999/2000 an organization-wide vision and values review was undertaken. A statement of the CO's purpose, vision and core values, which emerged from that review, was approved by the Board of Trustees in 2003. Although the seeds of this strategic review were planted at previous senior management meetings, it was pushed forward with the arrival of the 'current'[10] Chief Executive in 1999. The main aim of the review was to generate consensus regarding the strategic directions of the organization over the longer-term horizon. The resultant 'Vision and Values Statement' was communicated widely by its marketing [fundraising and communications] department using a variety of external and internal communications channels.

The charity's PS had therefore emerged from a series of strategic reviews of its mission, vision and core values since 1999/2000 and was reinforced in its 20 years long-range strategic plan for 2004-2024. In particular, the 'Concept of Operations' was conceived within this plan to identify the charity's core competences and positioning dimensions, in order to support its strategic position

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[10] The 'current' Chief Executive remained in office at the time of completion of the data collection in June 2005.

over the longer-term horizon. Three core strategic services were identified together with the required resources support to deliver the charity's mission in the future. They were lifeboat services, beach lifeguarding services, and educational/preventative services.

A series of critical 'trigger' events initiated the CO's management to make conscious efforts to undertake more regular and formalized strategic planning for the longer term. In particular, the main motivation behind developing its 20-year long-range plan was the Board of Trustee's realization that the future operating environment of the organization was becoming more uncertain. Increasing competition for voluntary income and the continuing fragile investment climate for its reserves/legacy income had created pressure on the CO's operations. Furthermore, its operations had not been regularly reviewed in order to identify problems and future strategic opportunities, or sufficient contingency plans and internal processes/resources to deal with major environmental changes. The long range strategic plan (2004-2024), therefore aimed to realign the organizational structure and its resource capabilities so the CO was able to respond to changing needs and demands for its services, whilst retaining its effectiveness and reputation over the next 20 years.

The CO had a dedicated Fundraising and Communications Department in its organizational structure. The marketing function appeared to play a supporting rather than leading role in the SP process. It was responsible for planning and implementing national fundraising campaigns, market research and in communicating the charity's positioning messages to various external audiences once these had been defined by senior management.

Figure 6.4 depicts a schematic that attempts to trace the process stages of developing the corporate strategy and identification of the positioning strategy components in Rescue Service (also refer to Figure 6.2 on post-hoc rationalisation).

Figure 6.4: Rescue Service - Process stages of developing Corporate Strategic Plan 2004-24 (incorporating reviewing strategic position of the organization)

Aston University

Illustration removed for copyright restrictions

(References: The charity's Corporate Strategic Plan 2004-2024; 5-year Business Plan 2004-2008; Interviews on Strategy Development Process with Corporate Planning Manager, Information and Research Manager, Beach Lifeguarding Officer in March 2005; Interview with Regional Manager, Manchester in June 2005)

6.4.1.4 *Case 4 – Drugs Care*

There was evidence of a formal process to developing this CO's organization-wide corporate strategy. The formalized process had evolved over time as the organization grew and became more established in its particular area of service expertise in drug and alcohol treatment. At the time of this study, the CO had in place a three-year corporate plan [2003-2006], which was supported by annual functional plans each year. It was also in the process of developing its next corporate plan, which aimed to be put into practice from 2006 to 2009.

However, even though the process of developing the CO's strategic position was not clearly defined, it had emerged from a series of actions over time rather than being conceived as a conscious pre-planned effort. It had emerged from changes in its corporate direction since 1998 and reinforced in its three-year corporate

plan in 2003. Interviewees highlighted that the organization's rapid growth started from 1998 when the Labour Government initiated its ten-year National Drug Strategy to tackle substance misuse in the country (Home Office 2005a). This policy initiative was further enhanced in 2004 with an Alcohol Strategy for England (Strategy Unit 2004). This changing policy context provided growth opportunities for the charity to extend its work in drug treatment to working under contracts with central and local governments in this area, such as the National Health Service [NHS], National Treatment Agency, hospitals and other voluntary sector organizations, in order to provide drug treatment to mis-users, in particular, within the Criminal Justice System.

"I think it would be around the time that our current[11] Chief Executive arrived that a more conscious process of reviewing our corporate position began. The planning process has happened mostly organically for us and I think for most other charities. The growth period for us was fast and quite unplanned – then when we get to a certain size or stage we need to consolidate and review our positioning. So, it has sort of emerged for us." (Head of Fundraising, Drugs Care)

The CO did not appear to have a defined strategy around marketing, although marketing-related activities, such as external communications and public relations, fundraising, production of marketing materials and corporate branding were carried out to support the organization's activities. At the time of the study in 2005, a new marketing strategy was being developed, which intended to support the CO's next 3-year corporate plan for 2006-2009. Subsequently, the new marketing strategy was expected to play an influential role in future corporate plans and SP of the organization.

Figure 6.5 depicts the process stages of developing the new corporate plan for 2006-09, and incorporates the SP of Drugs Care (also refer to Figure 6.2 on post-hoc rationalisation).

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[11] The 'current' Chief Executive remained in office at the time of completion of the data collection in June 2005. He announced his retirement in February 2006.

**Figure 6.5: Drugs Care - Process stages of developing Corporate Plan 2006-09
(incorporating identifying strategic position of the organization)**

(References: The charity's Corporate Plan 2003-2006; Interviews on Strategy Development Process with
Development Director, Branch Service Officer and Head of Fundraising in March 2005)

6.4.2 Theme 2 – Components of current positioning strategy

The second theme examined two sub-themes: the components of the case organization's
PS adopted at the time of this study, and changes to the strategic position over time. As
it was established in Chapters 2 and 4, PS is operationalised in this study as comprising
of three inter-related components: [1] the generic or core positioning strategy, [2] the
key target audiences, and [3] the positioning dimensions developed to distinguish the
charity from other providers/charities (Chew 2003; 2006a,b). These indicators were used
to compare the components of the PS in each case of the four case organizations, and are
reviewed in further detail in sub-sections 6.4.2.1 to 6.4.2.4 below.

6.4.2.1   *Case 1 - Children Homes*

- *Distinctiveness of strategic position*

The CO's stated mission or purpose identified the key distinctiveness of the organization and the primary target audience it serves. The charity and its people had developed a strong sense of mission, vision and values, which were communicated openly in various publications to external and internal audiences since 2004. Therefore, its mission provided the main direction for its core position, that is, how to be distinctive, and guidance on developing the positioning dimensions, that is, how to differentiate the organization from other charities/providers in their sector and other charities in the wider voluntary sector.

"We provide high quality 'Homes from Home' accommodation for families whose children are receiving hospital treatment for serious illness. In carrying out this mission we will ensure that the highest standards of services are applied throughout."(Children Homes, Corporate Strategic Plan 2002-2007)

- *Generic or core positioning strategy*

The generic or core PS provides the broad positioning stance of the organization, and isolates the core business of the organization (Porter 1980). The core PS of Children Homes appeared to be focus positioning. At the time of this study, the CO was very focused on providing high quality accommodation for a niche target audience, that is, families of sick children receiving treatment at paediatric hospitals with which the charity had contractual partnerships. The comment below reflects the perception of interviewees about the charity's core PS.

"[We] are specialised in serving a niche market – we want to be recognized as a leader in providing quality 'homes from home' accommodation, and a benchmark for other providers to follow." (Chief Executive, Children Homes)

The emphasis on a 'niche' market underscores the charity's commitment to focus on developing its current competences on serving a specific target group of beneficiary better than other providers.

- **Key target audiences**

There were two main groups of key target audiences of the PS for Children Homes. The primary audience comprised of two related parties. Families of sick children who used the accommodation provided by the charity, and the sick children themselves. The other target audience comprised of a number of different parties who provide funding, other organizational resources and support. These external stakeholders were categorized as secondary target audiences by the interviewees. Hospitals that referred families of their patients (sick children) to use the charity's accommodation were regarded by interviewees as important external stakeholders in their role as partners and legitimizers for the charity's work, as reflected in the quotation below.

"Links with the hospitals and staff there are important for us. A majority of families who use our accommodation come from referrals from the hospitals. A few do come directly to our house but after seeing our posters in the hospital wards." (House Manager, Children Homes)

- **Positioning dimensions**

As it was established in Chapters 2 and 5, positioning dimensions are identified as key differentiators based on major organizational strengths that are distinctive of the charity, and which provide long-term strategic advantages (Chew 2003; 2005). Differentiators are the specific instruments through which the organization distinguishes itself from other providers. However, they require appropriate supporting resources if they are to sustain the core PS over time (Hooley et al., 1998a; 2001). The CO's positioning dimensions comprised of a unique combination of a specialized product ['Homes from Home' accommodation], a range of quality service delivered to users/beneficiaries who

use the accommodations, good working relationships with NHS hospitals for direct referrals of users, and its cost-effective operations. Table 6.3 summarises Children Homes' PS components.

Table 6.3	
Research Theme 2: Current positioning strategy components of Children Homes **Interviewees: 6 in London; 1 in Cambridge**	
What was the generic or core positioning of the charity?	**Focus Positioning** Providing a niche service delivered direct to particular clients in selected locations in England
Who were the key target audiences for the positioning strategy in the charity?	**Primary audience** - Families of sick children receiving treatment at hospitals - Sick children in hospitals **Secondary audience** - Partner hospitals - Voluntary donors
What were the key positioning dimensions that support the core positioning strategy of the charity? (the distinctiveness of the charity that reflected its current key strengths)	* Specialised in unique service to particular primary target audience * High quality of service delivered to target audiences * Close working partnership with NHS hospitals in selected locations in the England * Low cost of operations

6.4.2.2   Case 2 – Community Care

- *Distinctiveness of strategic position*

The CO's stated mission or purpose identified the key distinctiveness of the organization [as a regional community foundation] and the primary target audiences it served [local community and voluntary groups, and local individuals and businesses in the north east of the country]. It provided the main direction for the organization's core PS, that is, to be distinctive as a regional grant maker. Its geographical position enabled them to serve the north east of England

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distinctively because it was not possible for another community foundation to be located in the same geographic area.

- ### *Generic or core positioning strategy*

The generic or core PS of the CO appeared to be focus positioning. At the time of this study, it had occupied a unique position as the only community foundation that served a specific geographic location, i.e. the north east of the country. The comment below reflects the general opinion of interviewees about their charity's core PS.

"We have a very focused, niche position as a local grant-maker, geographically serving the North East region." (Chief Executive, Community Care)

Here, the emphasis is on its specific role as a grant-maker serving a geographic niche.

- ### *Key target audiences*

There were two main groups of key target audiences of the PS. Primary audiences comprised of two distinct parties. Donors/fundholders who contributed voluntary funds to be managed/distributed by the organization, and voluntary and community groups who benefitted directly from grants given by the organization. The other target audience comprised of a number of different parties who provided organizational resources/support for the organization. These external stakeholders were categorized as secondary target audiences in this study. Government agencies [local or regional] were regarded by interviewees as important external stakeholders in their role as funder, provider of community grants/projects to be managed, and legitimizer for the CO's work.

"The government is a key stakeholder in the sense they provide grants to local community and voluntary groups and we manage an increasing number of projects on their behalf. The amount of government grants that we distribute amounted to 52% in 2002, and has increased to nearly 59% by 2004 – therefore we rely on them a lot." (Marketing/Public Relations Manager, Community Care)

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- *Positioning dimensions*

The CO's positioning dimensions comprised of a combination of: quality service delivered to users/beneficiaries and donors/funders, specialized expertise [human and technical] in grant services and project management [in particular in providing small grants], strong working relationships with and support from statutory, local voluntary/community groups and private sector partners in the north east region of the country. By 2004, the organization had grown to become the largest community foundation in terms of endowed assets amongst over 60 community foundations in UK and in Europe.[12]

Table 6.4 summarises the components of the PS of Community Care.

Table 6.4	
Research Theme 2: Current positioning strategy components of Community Care	
Interviewees: 7 in Newcastle; 1 in Gateshead	
What was the generic or core positioning of the charity?	**Focus Positioning** Providing a unique service to target audiences in a particular geographic area in the North East of England
Who were the key target audiences for the positioning strategy in the charity?	**Primary audience** - Local donors/local statutory funders providing grants - Local voluntary and community groups receiving grants **Secondary audience** - Local and regional statutory agencies
What were the key positioning dimensions that supported the core positioning strategy of the charity? (the distinctiveness of the charity that reflected its current key strengths)	* Largest Community Foundation amongst organizations of particular type of service within a particular geographic NE region. * High quality of service to grant donors/funders and grant applicants * Strong working relationships with and support from local community/voluntary groups, local authorities, private sector organizations * Focused mission

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[12] The source was from Community Care's public presentation slides 2004 and data checked with its Chief Executive and Marketing/PR Manager during interviews in May 2005.

6.4.2.3   *Case 3 – Rescue Service*

- **Distinctiveness of Strategic Position**

The CO has grown to become the leading independent provider of lifeboat search and rescue service. This is evident because it provided the largest geographic coverage of coastal areas in the UK and Northern Ireland. Over the past 180 years, this geographic coverage has expanded across the country in response to users' demands and changing external environmental situations.

"We are the leader in providing lifeboat rescue services in terms of being the biggest and the best in providing that service. We are maintaining that position to save lives at sea across the coastal areas and ensure that this service meets the needs or satisfies the demands for this service tomorrow." (Acting Head of Fundraising and Communications, Rescue Service)

- **Generic or core positioning strategy**

Rescue Service's generic or core PS appeared to be differentiation positioning. It provided emergency sea search and rescue services to a wide spectrum of sea and beach users across the coasts of UK and Republic of Ireland. It remained the largest independent provider of lifeboat sea rescue service in terms of size, capital intensive hardware and technology, and a mostly volunteer-manned lifeboat crew since the mid 1990s (CAF 2004). It had the largest coverage of lifeboat stations and branch offices in the country, which provided an integrated joint-up emergency service with government coast guards/other maritime organizations for sea and beach rescue. The CO's emphasis was on providing its services to anyone who could be at risk at sea, and did not focus on a particular geographic area or group of potential beneficiary.

- **Key target audiences**

Sea and beach users were considered a primary target audience of this CO, as identified in its mission statement. This charity depended heavily on voluntary income to support its operations. Donors [individuals and corporations] were

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therefore considered the most important external target audience. Interviewees cited government maritime agencies, such as Maritime and Coastguards Agency and the Irish Coastguards who coordinated national sea rescue, and local authorities who funded contracts for beach lifeguarding service as important external stakeholders. They supported the CO's service delivery to its primary target audience. It had developed various marketing approaches to communicate its strategic position to both groups of target audiences over time.

"We have very close and excellent liaison with the Coast Guards. We have regular meetings from the very highest level, direct level, and chief executive level, through working relationships with this office and in the divisions. They meet up with the Coast Guards every few months for operational meetings. We couldn't have one without the other really."(Operations Officer, Rescue Service)

- *Positioning dimensions*

The positioning dimensions of Rescue Service comprised of a unique combination of quality service delivered to users/beneficiaries, specialized expertise [human and technical] in sea/beach rescue, and strong working relationships with statutory, voluntary and private sector partners.

Importantly, interviewees cited a strong volunteer ethos and an ability to provide the largest independent all year emergency rescue service to be the CO's unique positioning dimensions. It had developed a 'Concept of Operations' statement in 2004 as part of its current long-term corporate strategic plan, which defined the charity's core competences. The 'Concept of Operations' was the charity's way of operationalising its mission within the scope of the corporate strategy. The comment below reflects the important role of the 'Concept of Operations' for the SP of the charity in the future.

"Our Concept of Operations define three key ways that we operationalise our purpose – we deliver it by running efficient lifeboat and lifeguard services, and accident prevention. We run an independent world-class and strategically located fleet of lifeboats provided by trained and competent people. These are

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our core competences." (Acting Head of Fundraising and Communications, Rescue Service)

Table 6.5 summarises the components of the PS of Rescue Service.

Table 6.5 **Research Theme 2: Current positioning strategy components of Rescue Service** **Interviewees: 6 in Poole; 1 in Manchester; 1 in London**	
What was the generic or core positioning of the charity?	**Differentiation Positioning** Unique service with capital-intensive operations needed to provide nation-wide coverage in the UK and Republic of Ireland.
Who were the key target audiences for the positioning strategy in the charity?	**Primary audience** - Sea and beach users receiving potential lifesaving services **Secondary audience** - Voluntary Donors - Local authorities for contracts for beach rescue - Government coast guards - Partner organizations for sea/beach rescue
What were the key positioning dimensions that supported the core positioning strategy of the charity? (the distinctiveness of the charity that reflected its current key strengths)	* Leader (size, capital-intensive hardware and technology, specialized expertise) in providing a unique service to potential users * Largest coverage of branches/stations providing an integrated joint-up service with statutory/other maritime organizations across the coasts of UK and Republic of Ireland * High quality standards of service delivery to users * Strong volunteer ethos * Focused mission

6.4.2.4   Case 4 – Drugs Care

● *Distinctiveness of strategic position*

The CO's mission provided the key direction for the organization's core position. It identified the key focus for the organization's activities, that is, to reduce the use of, and the harm caused by drugs and alcohol. The CO had served a very niche user segment, that is, drugs and alcohol mis-users, while being involved in

educational activities to communicate the impact of its work to the wider community. It had successfully developed strong working partnerships with government funders, healthcare agencies and other voluntary organizations to provide an increasing volume of statutory funded treatment contracts/projects.

"Our core strategic position it to remain focused on our mission (purpose) but remain flexible about the approaches in treatment services to meet changing needs." (Branch Service Manager, Drugs Care)

- ***Generic or core positioning strategy***

Drugs Care's core PS appeared to be focus positioning. It served a particular niche segment of drug and alcohol mis-users mainly through projects contracted by local and central government or supported by corporate sponsors. It had continued to deliver drug treatment services to this primary target audience since its inception. It had developed skilled expertise in this area over a relatively short history and became one of the leading voluntary sector providers of substance treatment services in the current government's ten-year National Drug Strategy.

'A leading UK charity working solely in the drugs and alcohol treatment Service.' (Drugs Care Corporate statement about the organization in the charity's website, April 2005)

The emphasis placed on the key term 'solely' underscores an apparent determination to maintain a focus on the core competence.

- ***Key target audiences***

Primary target audiences were individuals who benefitted directly from drugs and alcohol treatment services delivered by the charity. Secondary audiences comprised of different external parties who provided funds and other organizations that provide it with other resources/supporting services. Interviewees regarded statutory funders, such as local commissioners in Drug Action/Alcohol Teams, as important external stakeholder and secondary

audiences because they awarded the contracts and approved the standards of service for each contract. Other secondary audiences included the NHS, other health agencies and criminal justice agencies in the country.

- *Positioning dimensions*

The positioning dimensions supported its core PS, and comprised of a combination of quality service delivered to users/beneficiaries, specialized expertise [human and technical] in drug/alcohol treatment services, and strong working relationships with statutory, voluntary and private sector partners. In addition, interviewees considered strong government funding as an important endorsement to its public service work.

Table 6.6 provides a summary of Drug Care's PS components

Table 6.6 Research Theme 2: Current positioning strategy components of Drugs Care Interviewees: 3 in London; 1 in Walsall	
What was the generic or core positioning of the charity?	**Focus Positioning** Niche services to particular clients across England and Scotland provided through its wide network of statutory and other partner organizations
Who were the key target audiences for the positioning strategy in the charity?	**Primary audience** - Drug and alcohol mis-users receiving services - Children and families of drug and alcohol mis-users who are at risk **Secondary audience** - Statutory funders (local commissioners) - Partner organizations (e.g. NHS, Prisons, hospitals) - Voluntary donors
What were the key positioning dimensions that supported the core positioning strategy of the charity? (the distinctiveness of the charity that reflects its current key strengths)	* One of the leading (expertise) provider in particular service to particular users in England and Scotland * High quality standards of service delivery to users * Strong government funding and working relationships with statutory, health, social and other voluntary organizations * Focused mission

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6.4.3 Changes to strategic position

This sub-theme in Theme 2 examined the changes to the strategic position of the case organizations since they were founded. The intent was to uncover underlying reasons for these changes and the impact of these changes on the organization. The situation in each the four case organizations is detailed below from sub-sections 6.4.3.1 to 6.4.3.4.

6.4.3.1   *Case 1 – Children Homes*

All interviewees at head office and in the branch/regional office in Children Homes agreed that the strategic position of the charity, as reflected in the mission and core values, had remained largely unchanged since it was founded. The charity had continued to provide high quality 'Homes from Home' accommodation to families of sick children who were receiving treatment in nearby paediatric hospitals, regardless of type of sickness of the child.

However, interviewees were in agreement that their CO had made structural and operational changes to support its mission/purpose over time. In particular, changes in the way its strategic position was communicated to wider audiences since 2003, influenced by the appointment of a Public Relations/Communications manager. These changes were necessitated because of a combination of external environmental factors and internal organizational responses, such as, increasing competition for voluntary income, changing profile of diseases afflicting children in the UK, evolving policy context in national healthcare and hospital services, and rising costs of building/maintaining the charity's accommodations for users.

Of particular importance were two major strategic and operational changes made over the past five years that had impacted on its positioning dimensions:

[1]   ***Realignment of organization structure and resources*** - to strengthen its core competences, in particular, to enhance the quality of services to users at the

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various 'houses', and promote consistency in internal communications between head office and branch offices.

[2] *Communicating its position to strategic partners and wider audiences* – the CO had started to develop more 'professional' and targeted marketing/public relations to communicate its strategic position and core competences to the NHS/partner hospitals, services users and the wider public. These activities had helped to promote greater awareness of the CO to a new and existing audience, and raised voluntary income nationally and within the locale of its various branch offices/accommodations. The comment below reflects the crucial role that the new marketing function played in communicating Children Homes's core competences consistently to its various audiences.

"The core position of the charity has not changed, but what has changed is that the charity's marketing and communications have improved to promote that position." (Chairman, Board of Trustees, Children Homes)

6.4.3.2   Case 2 – Community Care

The strategic position of the CO, as reflected in its mission, had remained largely unchanged since inception. It had remained committed to promoting local giving for the benefit of local community needs/causes in the north east region of England.

However, it had made structural and operational changes to support its mission/purpose over time. These changes were necessitated because of a combination of external environmental factors and internal organizational responses, such as, declining legacy income, increasing competition for voluntary income and evolving policy context for developing local communities. Three major strategic and operational changes made over the past years that had impacted on its positioning dimensions were:

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[1]   ***Shift in core business*** – the organization's core business had shifted along the spectrum of services offered by community foundations. In the earlier years, it was focused on serving donors/private fundholders. Since 1998, this position had shifted to serve both grant applicants and donors/fundholders. The shift had been strongly influenced by ideas gained from other community foundations in the United States. In line with the shift in its core business, the CO had expanded its range of target audiences to include professional advisors, local authority grant providers, grant applicants besides wealthy individuals and private corporations.

[2]   ***Increasing statutory sources of income*** - the CO's sources of funding had also expanded to include statutory income besides voluntary income. Since 2000, the organization had taken on an increasing volume of government grant schemes. This occurred at a time when the organization was experiencing declining legacy/voluntary income and uncertainty in the stock market for its investment income. During that period the government had increased funding to develop community relations within local/regional areas in the country.

"They [local/regional government funding bodies] see us as very cost-effective because if they have to set up offices in the region to distribute small grants themselves it will cost them lots more money, and this will mean less money to allocate to the [community] groups." (Marketing/Public Relations Manager, Community Care)

[3]   ***Communicating its strategic position to wider audiences*** - the CO had developed more 'professional' marketing approaches to communicate the charity's strategic position and core competences to wider target audience groups. These activities had helped to promote greater awareness of the charity to new and existing audiences and raised voluntary income within the local area.

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6.4.3.3   *Case 3 – Rescue Service*

Rescue Service's strategic position had remained largely unchanged since being founded. It had continued providing emergency lifeboat rescue services to anyone who was at risk at sea. However, its organizational structure, processes and resources had been realigned over time to meet the changing demands of sea users and to remain relevant in an increasingly competitive environment for voluntary income. Its long-range strategic plan was developed in 2004 to enable effective implementation of its mission within available resources over the next 20 years. Three major changes made over the past six years held particular importance:

[1]   Expansion of core services – it had expanded its sea rescue to include preventative activities related to sea and beach safety from the late 1990s, and beach lifeguarding from 2000. These changes were part of the CO's strategic approach to adapt to changing patterns of sea users and to reach new and potentially younger target audience/supporters. Historically, the charity had been engaged in rescuing commercial fishermen in certain coastal parts of the country. By 2005, the charity operated 233 lifeboat stations along the coastlines of the UK and Republic of Ireland. These changes were part of the charity's strategic approach to adapt to changing patterns of sea users and to reach new and potentially younger target audience/supporters. As the charity grew larger and societal needs changed, it became increasingly difficult to maintain its geographic spread of lifeboat stations across the country, and to operate its year round sea rescue services mainly through volunteers and voluntary income.

[2]   Realignment of resources – because of the capital intensive nature of sea rescue operations, and in order to support its mission and core position over the long term, the CO increasingly needed to balance being an effective provider [to provide lifestations and lifeboats everywhere that is needed/demanded] with being an efficient provider [to provide such services only where it was cost efficient to do so] in order to support its mission over the longer term.

[3] *Communicating its strategic position to wider audiences* - the charity had developed more 'professional' marketing approaches to communicate its strategic position and core competences to wider groups of target audiences. It conducted market research to monitor external audiences' perception of its position over time. These activities had helped to promote greater awareness of the charity to new audiences and ultimately, assisted in raising voluntary income.

"There has been a positive change in the way the organization communicates to external parties and volunteers about its plans, strategies and gives clearer guidelines for volunteers to work with. Over the past 2 years since 2003, the Fundraising and Communications department has produced a standard guideline for external communications – to guide staff and volunteers to communicate consistent messages about the charity's mission, vision, values, its core services and results achieved, which are essentially communicating to external audiences the charity's key position and its core competences."
(Regional Manager, Rescue Service)

6.4.3.4   Case 4 – Drugs Care

Drugs Care had changed in several ways as a result of evolving government policies and strategies in tackling drugs and alcohol misuse, such as increasing public awareness of drugs misuse as a larger social problem (in particular, among young people), and other environmental developments over the past decade. The structural and operational changes made by the charity in response to these external developments can be categorized into three key areas:

[1] *Change in organizational form* – from an association of parents and reliance on volunteers to an organization that emphasized professionally trained and paid workforce for its projects/contracts. The charity also changed its corporate name in 1998 in order to reflect more accurately what it was and what it planned to do in future.

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[2]   Funding - this was increasingly from statutory rather than voluntary income. Whilst it continued to base its work on charitable values, of caring for people, it became funded largely by government and worked in close partnership with it to deliver a range of treatment services across the country. 92% of total income came from a range of statutory funded-projects/services over 2002-03. This proportion had increased to 95% in 2004-05.

[3]   Change in the type of treatment services and procedural standards of operations - there had been increasing efforts to 'professionalise' the CO's approach to delivering its services in terms of improving delivery quality standards of its workforce, providing customized training for them, and instiling performance targets. These had partly been necessitated by service requirements of the contracts that it delivered for government. Whilst it was specialised in drug treatment in the early years, it had expanded its expertise to include treatment for alcohol misuse over the past few years as a direct response to the Government's Alcohol Strategy. Furthermore, in response to increasing evidence of children at risk due to parents' or carers' drug or alcohol problem[13], the charity's primary target audience had also recently expanded to include children and young people. The organization's geographic coverage had grown rapidly in response to increasing demand for its services. By April 2005, it operated over 70 treatment services delivered in 46 locations across the UK.

"The organization has grown largely because of the government's National Drug Strategy, which started in 1998 to tackle drug and alcohol addiction. Government has ploughed huge amounts of money into strategies for drug addicted people, especially from the Criminal Justice System. What happens now is that the Government through the Drug Actions Teams commission services locally, and the organization has tendered for those – we've seen those tendered services grown substantially both from continued services and also new ones. That's the main reason why we've mushroomed over the past few year." (Head of Fundraising, Drugs Care)

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[13] The charity's Annual Report for 2004-05 cited a study by Government Strategy Unit indicating that 10,000 children of heroin users in the UK are placed in care.

6.4.4   Theme 3 – Factors influencing positioning strategy

The third theme examined the factors that influenced the PS in each of the case organizations. The influencing factors that emerged from each of the case studies could influence the PS in terms of its core positioning and/or the positioning dimensions. Sub-sections 6.4.5.1 to 6.4.5.4 below identify these factors for each of the four case organizations respectively.

6.4.4.1   Case 1 – Children Homes

Table 6.7 summarises the influencing factors cited by six interviewees in the head office in London and one interviewee in the branch office in Sheffield. These factors and their effects on the charity's PS are described in this sub-section.

> *[1]   Governmental influence* was perceived by all interviewees as a major influence on the CO's core PS and supporting positioning dimensions because of the various roles it played, such as being a policy maker, legitimizer and partner in service delivery. Each of the charity's houses was strategically partnered with a nearby hospital. The hospitals provided important sources of referrals for potential families to use the charity's accommodation services. The links with hospitals and the NHS legitimized the continued pursuance of the CO's mission. It had provided an important public service funded entirely by voluntary income. Furthermore, government policies and funding priorities on the type of services that the NHS should or should not provide could influence the need to change the CO's SP. Any change in health/social policies or regulations could impact on its current strengths, which in turn could affect the way it positions itself based on these strengths.

Table 6.7 **Research Theme 3: Key factors that influence positioning strategy** **in Children Homes** **Interviewees: 6 in London; 1 in Cambridge**	
What were the key factors influencing positioning strategy in the case organizations?	**Frequency of responses from 6 interviewees** **CP = core positioning strategy** **PD = positioning dimensions**
Governmental influence *(funder, policy maker, legitimizer)*	100% cited effect on CP and PD
Needs of Users/Beneficiaries	50% cited effect on CP
Needs of Donors *(non-statutory)*	25% cited effect on PD
Trustees/Chief Executive of the organization	50% cited effect on CP
Organizational Resources *(include availability of funds, skills and capabilities)*	50% cited effect on PD
Competition *(other than statutory)*	100% cited effect on PD
Organizational size *(number of branch offices, number of staff, total income and assets)*	50% cited effect on PD
External Environmental Factors *(other than government/political e.g. shifts in social-demography, economic, technology, international developments, media influence)*	83% cited effect on CP and PD
Mission of the organization	50% cited effect on CP

[2]   The charity's mission and needs of house users [its primary target audience] were two factors cited by half of interviewees that had influenced the charity's core position. It had a very focused mission but there was flexibility in providing a range of services in the houses to cater for the changing needs of house users. The shift in the needs of various house users affected the charity's occupancy rates, the location of houses, and types of facilities. Trends in length of hospital stay for certain illnesses [e.g. shorter stays], types of illnesses amongst children could require different types of facilities in the houses, such as day care services. These developments in turn affect the amount of funding that the charity had to generate to meet the changing needs of users. Additionally, house users provided valuable feedback to the charity's management about their

experiences in using the services and their perception of the quality of these services

[3]   Other external environmental factors besides government, such as economic uncertainty and social-demographic changes, had influenced the charity's positioning dimensions [its key strengths] with varying degrees of importance. 83% of interviewees considered shifts in economic and socio-demographic factors in the external environment as affecting the charity's crucial resource base [funding, expertise and location of accommodations]. External environmental factors indirectly affected the organization's ability to maintain costs and its current PS.

[4]   Increasing competition for voluntary income had influenced the charity's strategies/approaches in fundraising and in attracting/delivering users to its accommodations. All interviewees felt that competition had directly affected the types and amount of organizational resources allocated to fundraising, communications and service delivery.

[5]   Availability of organizational resources [financial, skills and capabilities] was cited by 50% of interviewees as crucial to support the implementation of the CO's corporate plan and support the strategic position of the organization. Any change to corporate strategic directions would require particular resource capabilities. For instance, it had committed to building a new accommodation every two years as part of its 5-year corporate strategic plan 2002-07. This plan required the charity to have in place robust fundraising activities, administration and service quality systems to support these strategic objectives.

[6]   The Chairman of the Board of Trustees and Chief Executive were cited by half of the interviewees as major influences in guiding the initiation and implementation of major strategic directions/plans in the organization. The current Chairman, in particular, was instrumental in shaping the strategic

position of the organization in its area of specialization. He was credited with leading the creation of a strong organizational culture that was increasingly results-orientated and competitive in providing quality services to key stakeholders. The senior team therefore exerted much influence on its SP. Any strategic changes to its corporate plans and strategies had to be approved by them

[7]   The small size of the CO in terms of income, size of staff and number of branch offices/houses was cited by 50% of interviewees as a weakness in the organization's ability to fundraise and expand its service provision. However, it had consciously avoided direct competition with larger providers that offered similar services by locating its accommodations with partner hospitals that did not have links with these providers.

6.4.4.2   Case 2 – Community Care

Table 6.8 summarises the influencing factors cited by six interviewees in Newcastle and one in Gateshead. The key factors and their effects on the charity's PS are described in this sub-section.

[1]   Governmental influence was perceived by 83% of interviewees as a major influence because of the various roles it played, such as policy maker, legitimizer, provider of service contracts and funder. Government policies and funding priorities for developing community services in the local region were considered crucial for the future SP of the organization. The CO had taken on increasing government grants/contracts over the past few years when the investment value of its core business [endowment funds/legacies from donors] decreased due to the decline in UK stock market during the late 1990s/early 2000. The increasing emphasis on statutory projects and income had directly influenced the types of services that the organization delivered, its user-base, and

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consequently the pace of organizational growth and the expertise of its workforce.

Table 6.8 **Research Theme 3: Key factors that influence positioning strategy in Community Care** **Interviewees: 7 in Newcastle; 1 in Gateshead**	
What were the key factors influencing positioning strategy in the case organizations?	Frequency of responses from 6 interviewees CP = core positioning strategy PD = positioning dimensions
Governmental influence *(funder, policy maker, legitimizer)*	83% cited effect on CP and PD
Needs of Users/Beneficiaries	18% cited effect on CP
Needs of Donors *(non-statutory)*	33% cited effect on CP
Trustees/Chief Executive of the organization	50% cited effect on CP
Organizational Resources *(include availability of funds, skills and capabilities)*	67% cited effect on PD
Competition *(other than statutory)*	17% cited effect on PD
External Environmental Factors *(other than government/political e.g. shifts in social-demography, economic, technology, international developments, media influence)*	83% cited effect on CP and PD
Mission of the organization	33% cited effect on CP

[2]   ***The charity's mission and needs of its primary audiences*** were two factors that had influenced the charity's core positioning. It had a very focused mission but there was flexibility in providing a range of services to cater to the changing needs of donors/fundholders and grant applicants.

"The organization's mission – what the charity stands for and what it aims to do – is the lynch pin to its positioning. If somebody asks what does Community Foundation stand for and what we do? I will read to them our mission statement." (Marketing/Public Relations Manager, Community Care)

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[3]   *Other external environmental factors* besides government, were cited by 83% of interviewees as influencing its core PS and positioning dimensions. They considered shifts in economic and socio-demographic factors in the external environment as affecting the charity's crucial resource base [funding and expertise].

[4]   *Availability of organizational resources* [financial, skills and capabilities] was cited by 67% of interviewees as necessary in order to support the implementation of the CO's corporate plan and the strategic position of the organization. Any change to corporate strategic directions would require particular resource capabilities, for instance, the charity had taken on an increasing volume of government grant schemes since 2000, which required the organization to have in place particular grant application processes to administer grants on behalf of government grant funders.

[5]   *Increasing competition* for voluntary income had influenced the CO's strategies/approaches in fundraising and in attracting/delivering statutory contracts/projects. A minority of interviewees felt that competition for funding had affected the types and amount of organizational resources allocated to fundraising, communications and service delivery.

[6]   *The Board of Trustees and the Chief Executive* were cited by half of the interviewees as major influences in the strategic direction of the organization. The current Chief Executive, in particular, was instrumental in shaping the leadership position of the organization in its area of specialization. He was credited with shaping a strong organizational culture that was results-orientated and competitive in providing quality services to donors/funders and uses/beneficiaries [grant applicants].

6.4.4.3　　　Case 3 – Rescue Service

A combination of external environment factors and internal organizational factors were cited by interviewees as influencing this charity's core PS and the positioning dimensions. Table 6.9 summarises the influencing factors and their effects as cited by eight interviewees. Descriptions of these key factors and their effects are provided in this sub-section.

Table 6.9 **Research Theme 3: Key factors that influence positioning strategy in Rescue Service** **Interviewees: 6 in Poole; 1 in Manchester and 1 in London**	
What were the key factors influencing positioning strategy in the case organizations?	**Frequency of responses from 8 interviewees** **CP = core positioning strategy** **PD = positioning dimensions**
Governmental influence *(funder, policy maker, legitimizer)*	57% cited effect on PD
Needs of Users/Beneficiaries	29% cited effect on CP
Needs of Donors *(non-statutory funders)*	29% cited effect on CP
Needs of Volunteers	14% cited effect on CP
Trustees/Chief Executive of the organization	29% cited effect on PD
Organizational Resources *(include availability of funds, skills and capabilities)*	86% cited effect on PD
Organization size *(number of branch offices, number of staff, total income and assets)*	14% cited effect on PD
Competition *(other than statutory)*	57% cited effect on PD
External Environmental Factors *(other than government/political e.g. shifts in social-demography, economic, technology, international developments, media influence)*	86% cited effect on CP, 69% on PD
Mission of the organization	43% cited effect on CP

[1]　　Governmental influence - there was mixed response from interviewees in Rescue Service as to the extent of governmental or political environment's influence on the CO's strategic position. 57% of interviewees cited government or political factor as a key factor. But, interviewees commented that future

political stance on who should provide and fund sea rescue and beach lifeguarding in the country could impact more on the operational issues rather than major strategic ones. The government was considered as an important partner in the charity's network of integrated sea and beach rescue service, and had legitimized its role in providing this vital public service. However, since 2000 the CO had begun to offer beach lifeguarding service as part of its long-term expansionary strategy. In that context, government was increasingly perceived as a funder and provider of public service contracts.

"Government does not influence the charity's core positioning, but only operational issues e.g. funding through local authorities for beach lifeguarding services, legitimizing the charity's role for this public service, and statutory requirements for search and rescue training qualifications that it provides to its crew and volunteers." (Beach Lifeguarding Officer, Rescue Service)

[2]   The charity's mission and needs of users were two factors that had influenced the CO's core PS. 43% and 29% of the interviewees cited mission and needs of sea/beach users respectively as major influences in guiding the choice and change of strategic position of the CO over time.

[3]   Other external environmental factors besides government such as economic uncertainty, social-demographic changes and competition for voluntary income had influenced its positioning dimensions [key strengths] with varying degrees of importance. 86% of interviewees considered shifts in economic and socio-demographic factors in the external environment as affecting the charity's core position, while 69% argued that these external factors had affected its crucial resource base [voluntary income and volunteers].

"We have been grappling with this [environmental] issue over the past 5 years. The outcome has been the expansion of our services to beach lifeguarding. The organization has moved into a different market – it has moved because of funding restraints rather than a change in its mission and core position. Whilst significant funding is gained from our branches, we know that branches are in

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decline. We are finding it difficult to attract a younger volunteer and fundraising population." (Regional Manager, Rescue Service)

[4] Needs of volunteers and donors/funders were two additional factors cited by 14% and 29% of interviewees respectively that strongly influenced the charity's core position. Strong volunteer ethos was a core value and key strength of the CO – its sea rescue services and fundraising were provided mainly by volunteers. The strategic importance of volunteers in the CO is well summed up by the comment below.

"The volunteer ethos is part of the charity's core positioning. Without the volunteers we will not be who are, and without them this will affect our strategic position or direction. But, the supporter base is the older generation. Here is a challenge for our fundraising, especially if you couple that with a change in demographics, and the fact that people who are our traditionally supporters (donors and volunteers) and who identify with our values aren't going to be around for long." (Information and Research Manager, Rescue Service)

[5] Availability of other organizational resources [financial, skills and capabilities] was cited by 86% of interviewees as necessary to support the implementation of the CO's corporate plan and its strategic position over time. Any change in corporate strategic directions would require particular resource capabilities. For instance, it had maintained its fleet of lifeboats and search/rescue crew to be operationally ready at all times. These required not only financial resources, but also technical expertise, skills, systems and processes in place in order to support the organization's position and distinctiveness over time. Besides volunteers, the charity was also highly reliant on legacy income as its main source of donated income. These two resources came mainly from an older generation of donors/supporters. Nearly 66% of the charity's total annual voluntary income came from legacy income (Rescue Care's Annual Report 2004). This high level of dependency on investment of its legacy income had made the charity's future financial strength vulnerable to fluctuations in the stock market (Rescue Care's Treasury's Report 2004; CAF 2004, p. 12)

[6] *Increasing competition* for voluntary income and volunteers had influenced the CO's strategies/approaches in fundraising and in attracting/delivering beach lifeguarding under contracts from local authorities. 57% of interviewees cited this as a key factor that had influenced the charity's need to adapt to the changing external environment and had directly affected the types and amount of organizational resources needed for it to remain relevant over time. However, there was mixed response in terms of the degree of competitive intensity and sources of competition that the charity faced. On the one hand, there appeared to be no direct competition for lifeboat rescue service from other independent [voluntary or private sector] providers at the time of this study because the charity was the largest independent provider in this area of public service. On the other hand, there was increasing competition for beach lifeguarding contracts/funding from local authorities and private sector providers, and raising voluntary income.

[7] *Organizational size* was a factor cited by 14% of interviewees that had influenced its positioning dimensions. Maintaining its leading strategic position was become increasingly challenging because of increasing resources needs and other organizational demands. In addition, interviewees perceived that the charity's large size had affected its fundraising.

"Our size is a major strength – being the biggest and the best we have a near monopoly in the lifeboat rescue service. But, being seen as too big and too wealthy affects voluntary fundraising to some extent."(Corporate Planning Manager, Rescue Service)

6.4.4.4   *Case 4 – Drugs Care*

Table 6.10 summarises the influencing factors cited by three interviewees in head office in London and one from the regional branch office in Walsall. These factors and their effects are described in this sub-section.

Table 6.10 **Research Theme 3: Key factors that influence positioning strategy** in Drugs Care **Interviewees: 3 in London; 1 in Walsall**	
What were the key factors influencing positioning strategy in the case organizations?	Frequency of responses from 4 interviewees CP = core positioning strategy PD = positioning dimensions
Governmental influence *(funder, policy maker, legitimizer)*	100% cited effect on PD
Needs of Users/Beneficiaries	67% cited effect on CP
Trustees/Chief Executive of the organization	33% cited effect on PD
Organizational Resources *(include availability of funds, skills and capabilities)*	67% cited effect onCP, 100% on PD
Organization size *(size and number of branch offices, number of staff, total income and assets)*	33% cited effect on PD
Organizational Culture	100% cited effect on CP
Competition *(other than statutory)*	67% cited effect on PD
External Environmental Factors *(other than government/political e.g. shifts in social-demography, economic, technology, international developments, media influence)*	33% cited effect on CP, 33% on PD
Mission of the organization	33% cited effect on CP

[1]   ***Governmental influence and the political environment*** were cited by all interviewees as major influences on the CO's positioning dimensions. The roles of government were perceived as funder, policy maker and legitimizer for its continuing work in drugs and alcohol treatment services. As a major policy maker in substance misuse in the country, central government provided an enabling policy context within which the issue of tackling substance misuse had increasingly become an important public service strategy. Government was also a dominant funder for the CO's service contracts, which had seen dramatic increases since the launch of the National Drug and Alcohol Strategy in 1998. The increasing emphasis on statutory projects and income had directly

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influenced the types of services that the organization delivered, its user-base, and consequently the pace of organizational growth and the nature of its workforce.

"The government's direction and strategies for substance misuse – what do they plan to do? What services do they want to develop as good standards of practice will be linked to what gets funded. These strategies will affect the organization's current leadership position, e.g. the Home Office – Criminal Justice now has much work out there and this is given increased funding, which has attracted developments in new types of services for us." *(Development Director, Drugs Care)*

[2] *Needs of users* were cited by 67% of interviewees as a factor that had influenced the charity's core PS. It had a very focused mission in providing specialized services to specific target primary audiences, that is, drug and alcohol mis-users (also see sub-section 6.4.3.4). However, there was flexibility in providing a wide range of services to cater to the changing needs of specific service users.

[3] *Other external environmental factors* besides government, such as economic uncertainty, social-demographic changes, public attitudes towards drug addiction in the country and influence of the media on government policy towards tackling substance misuse were cited by about a third of interviewees as affecting both the charity's core PS and positioning dimensions over time.

"The media is very influential in reinforcing or changing public's perception/view about the charity, about what it is doing or should be doing, about the topic of drug treatment in general or society's beliefs and attitudes toward substance misuse and people with substance problems. These factors have both an influence on the charity's position and the need to change the positioning dimensions to support any change over time." *(Head of Fundraising, Drugs Care)*

[4] *Availability of organizational resources* [financial, skills and capabilities] was cited by all interviewees as necessary to support the implementation of the CO's corporate plan and to support its strategic position over time. In addition, 67% of them argued that any changes made to corporate strategic directions would require particular resource capabilities; therefore impacting on its positioning dimensions. For instance, the charity had taken on increasing government services contracts/projects over the past decade, which required the organization to have particular systems and processes in place to satisfy the performance specifications of those contracts/projects.

[5] *Increasing competition* was mentioned by 67% of interviewees for service contracts, financial and other organizational resources had influenced the degree of quality standards of services to its service users. Competition had also increased the operating costs in pursuit of higher quality standards. However, competitive pressures had an impact on improving quality of services, innovation and expertise in drug and alcohol treatment, all of which were among the positioning dimensions that the organization had developed to distinguish itself from other providers since the implementation of the Government's National Drug Strategy in 1998.

"Competition enables the charity to develop a strong corporate position of providing high quality services that are supported by policies and procedures designed around client-focused services. When we deliver the service, we need to achieve what we are going to achieve – because it affects the well-being of the service users, the perception of the community in terms of the reputation of the organization, and the organization's security at the end of the day." (Branch Service Manager, Drugs Care)

[6] 33% of interviewees cited the **Board of Trustees and Chief Executive** as major influences in guiding the initiation and implementation of major strategic directions/plans in this CO. The current Chief Executive, in particular, was instrumental in shaping the leadership position of the organization. He was

credited with shaping a strong organizational culture that was results-orientated and competitive in providing quality services to key stakeholders. The senior team therefore exerted much influence on the current charity's SP. Any strategic changes to its corporate plans and strategies had to be approved by them.

[7]   ***Organizational size*** was cited by a third of interviewees as a factor that influenced the positioning dimensions. As the organization grew larger in terms of its wider geographic reach and larger numbers of uses to service, the organization required more resources to maintain its strategic position over time.

"As we get bigger and bigger, our size could affect our strategic position. We have huge numbers of services to deliver in each area. And it could be that we want to decentralise some of these services. It would be an internal organizational factor, in terms of effective use of resources in delivering our services to support our mission." (Development Director, Drugs Care)

6.4.5   Summary of intra-case analysis

This section has described in detail the evidence from each of the four case studies along the three main themes that had previously emerged from the exploratory survey stage. The intent in this section was to capture the process of SP, the anatomy of PS and its influencing factors within the particular operating and organizational contexts of each case organization in greater depth. The main source of within-case evidence was from semi-structured interviews with key strategic planners/managers. These were corroborated with evidence from group discussions with other staff, organizational documents and other policy/strategy information, and supported by various forms of external and internal communication materials in each of the case studies.

It was indicated in Chapter 4 that the utilization of multiple data sources in each case study provided data triangulation (Denzin 1978a,b; Jick 1979), and therefore aimed to enhance the internal reliability and construct validity within each case (Yin 2003). The findings from the intra-case analysis provide an essential pool of evidence from which

similarities and distinctiveness across the four cases could be drawn out and explained. The findings from the cross-case analysis are presented in the next section.

6.5 Findings from cross-case analysis and comparison

This section compares the findings described in the preceding section across the four cases along the three main themes. As it was established in Chapter 4, this method of analytic cross-case comparison enables sets of emergent evidence from each case to be analysed according to the key themes across cases. It considers the particular environmental and organizational contexts of each case and highlights effects across cases that have qualitative differences (Neuman 2006). Sub-sections 6.5.1 to 6.5.4 present salient points drawn out from the findings across cases for each theme, and highlight particular areas of similarities and differences between the cases.

6.5.1 Theme 1 - Process of developing positioning strategy across cases

The findings from all four case studies suggest that there was evidence of a formal process to develop corporate strategy in the COs. However, this formalized process had evolved over time as the organizations grew and become more established in their particular areas of service provision. Table 6.11 compares the process of developing PS in the four case studies and summarises the key emerging findings.

In all four COs, the process of identifying their strategic position and developing their PS had only begun recently. This had emerged from the corporate strategy planning process, rather than being developed separately or as part of a conscious and deliberate SMP process as advocated by several authors in the marketing/positioning strategy literature (Lovelock and Weinberg 1989; Kotler and Andreasen 1996; Hooley et al. 1998b).

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Table 6.11: Cross-case analysis and comparison
Research Theme 1: Process of strategic positioning in the four case study organizations

Research Questions	Children Homes	Community Care	Rescue Service	Drugs Care
1a) Was there a conscious pre-planned process of strategic positioning in the charity?	No conscious pre-planning prior to 2001. Emerging process, evolved unconsciously, adapting to changes in external environment.	No conscious pre-planned prior to 1998. Emerging process with adaptation to evolving external environment.	No conscious pre-planning prior to 1999. Emerging process with periods of learning from trial and error.	No conscious pre-planning prior to 1998. Emerging process from various decisions and actions taken over time.
1b) Was the process part of the organization-wide Corporate Planning Process or part of the Strategic Marketing Planning Process?	Current strategic positioning had emerged from the new 5-year Corporate Strategic Plan developed since 2001 (see Figure 6.2)	Current strategic positioning had emerged since 1998 and reinforced when developing first 5-year Corporate Plan in 2004 (see Figure 6.3)	Current strategic positioning had emerged from strategic review of Mission, Vision and Values in 1999/2000 and reinforced in concept of operations in 20 years long-range Strategic Plan 2004-2024 (see Figure 6.4)	Current strategic positioning had emerged from changes in corporate direction from 1998, and reinforced in new Corporate Plan since 2003 (see Figure 6.5)
1c) Who/What prompted formal organizational-level strategic planning or initiated strategic positioning?	* Appointment of new Chairman and new Chief Executive from 1999/2000. * Changes in external environment/increase competition for voluntary funds.	* Declining legacy and investment income * Changes in external environment/increase in government grants for local community development in the north east region.	* Appointment of new Chief Executive from 1999. * Changes in external environment, decline in legacy income, increase competition for voluntary income.	* Changes in external environment, government policies affecting its core services, increase in competition for service contracts.

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Although all four COs had dedicated marketing functions within their organizational structures, marketing appeared to play an operational role in the strategic positioning activities rather than taking the lead in the process itself, in particular, by communicating the charity's positioning messages to various audiences once these had been defined by the senior management team and the Board of Trustees.

> *"Marketing has positive contributions to the changes in the organization, especially in developing consistent external communications, re-branding and fundraising to support corporate developments. But these can be better e.g. we need to be clearer about the role of marketing for the organization".*
> *(Development Director, Drugs Care)*

Furthermore, these conscious efforts to developing more formalized longer term strategic plans and initiating strategic positioning had been prompted by certain critical 'trigger events'. Sub-section 6.4.1 has highlighted that as the case organizations grew more established, a conscious process of reviewing their strategic position was deemed necessary. The Chairman of the Board of Trustees in Children Homes and the Chief Executives in the other three cases brought strategic management thinking into their organization's planning approaches and led the strategic reviews. In addition, various environmental changes as described in the intra-case analysis in section 6.4 had resulted in increased competition for voluntary income and statutory funding/service contracts, and in changing relationships with various key stakeholders. A more pro-active and deliberate approach to their strategic planning and management was consequently pursued. Interviewees in all four cases were in agreement that the emergent corporate planning and organizational positioning were part of a learning process for them.

> *"There is an emerging process of strategic planning – where there were processes in place previously; some worked, some did not. The organization learned as it grew and improved on those that worked, and removed those that did not. Management techniques changed as the organization grew and staff changed. That forces some changes on the process of planning and positioning as well. Now, the planning processes are being strengthened – taking the best and putting them together." (Corporate Planning Manager, Rescue Service)*

6.5.2 Theme 2 - Components of positioning strategy

This sub-section compares the components of the four COs' PSs. Table 6.12 summarises the components of the PS in the four cases organizations, and highlights the similarities and differences between these cases. It then appraises changes in the PS and the reasons that had prompted those changes.

6.5.2.1   *Distinctiveness of strategic position*

In all four cases, the CO's stated mission or purpose sought to identify the key distinctiveness of each organization and their primary target audience served. Despite their contrasting histories and features, the organizations had developed a strong sense of mission, vision and values, which were communicated openly to external and internal audiences. These provided the key direction for the organization's PS.

6.5.2.2   *Generic or core positioning strategy*

There were significant distinctions in the use or value of the core PS in the case studies. Focus positioning appeared to be the core PS of three out of the four case organizations. Two of these cases [Children Homes and Drugs Care] specialized in particular services that catered to particular users/beneficiaries, whilst Community Care was the only community foundation in the UK that served a specific geographic location in the north east of England. In contrast, Rescue Service had adopted differentiation positioning as its core PS. Being ranked among the top five largest COs in the country since 1978 (CAF 2004), it claimed to be the leading independent emergency sea search and rescue service in the UK and Republic of Ireland at the time of this study.

Table 6.12 : Cross-case analysis comparison

Research Theme 2: Current positioning strategy components in the four case study organizations

Research Questions	Children Homes	Community Care	Drugs Care	Rescue Service
2a) What was the generic or core positioning strategy of the charity?	**Focus Positioning** A niche service delivered direct to specific users in selected locations in England	**Focus Positioning** A particular type of service aimed at a particular geographic location in England	**Differentiation Positioning** A valued service with capital-intensive operations needed to provide nation-wide coverage in the UK and Rep of Ireland	**Focus Positioning** A niche service working with network of statutory and other partner organizations to deliver services to particular clients across England and Scotland
2b) Who were the key target audiences for the positioning strategy in the charity?	**Primary audience** - Families of sick children receiving care at hospitals **Secondary audience** - Sick children in hospitals - Partner hospitals - Voluntary donors	**Primary audience** - Local donors/local govt funders providing grants - Local voluntary and community groups receiving grants **Secondary audience** - Local and regional statutory funders and agencies	**Primary audience** - Sea and beach users receiving potential lifesaving services **Secondary audience** - Voluntary Donors - Local authorities for beach rescue - Govt coast guards - Partner organizations for sea/beach rescue	**Primary audience** - Drug and alcohol mis-users receiving services - Children and families of drug and alcohol mis-users who are at risk **Secondary audience** - Statutory funders - Voluntary donors - Partner organizations
2c) What were the key positioning dimensions that supported the core positioning strategy of the charity? (the distinctiveness of the charity that reflected its current key strengths)	* **Specialised in unique service to** particular target users * **High quality standards of** service delivery to users * **Close working partnership with NHS hospitals** in selected locations in the England	* **Largest Community Foundation** amongst organizations of particular type of service within a particular geographic NE region * **High quality of service** delivery to grant donors/funders and grant applicants * **Close working relationships** with and support from local community/voluntary groups, local authorities, private sector organizations * **Focused mission**	* **Leader (size, capital-intensive hardware and technology, specialized expertise)** in providing a unique service to potential users * **Largest coverage of** branches/stations providing an integrated joint-up service with statutory/other maritime organizations across the coasts of UK and Republic of Ireland * **High quality standards of service** delivery to users * **Strong volunteer ethos** * **Focused mission**	* **Expertise provider** in particular service to particular users in England and Scotland * **High quality** standards of service delivery to users * **Strong government funding and working relationships** with statutory, health, social and other voluntary organizations * **Focused mission**

6.5.2.3   *Key target audiences*

In all the four cases, two distinct groups of target audiences were evident. Users who benefitted directly from their services [such as accommodation users, grant providers and applicants, people at risk at sea and drug and alcohol mis-users] were perceived as the primary audience of the case organizations.

"Our clients (users and families) are the most important. They are our key external stakeholders and as a client-focused organization, our strategies and services do really focus very strongly around them." (Head of Fundraising, Drugs Care)

The secondary audience comprised of a number of parties, such as external stakeholders who provided funds and other organizations that provided other resources/supporting services for each CO. Interviewees in all four cases stressed the importance of communicating effectively to these external stakeholders and building close relationships with them. In this regard, the four cases organizations had developed various marketing approaches to communicate the charity's strategic position to both groups of key target audiences over time.

"The close partnership with government agencies and health professionals in delivering the range of services to our clients has provided a degree of credibility and legitimacy for our work."(Branch Service Manager, Drugs Care)

6.5.2.4   *Positioning dimensions common in all case organizations*

Sub-section 6.4.2 had identified positioning dimensions as key differentiators of the organization's PS. Whilst each case organization had its particular combination of positioning dimensions, two of these dimensions appeared to be most frequently cited across the four COs. These were the high quality of service provided to service users and strong expertise developed in that particular service. A possible explanation is that all four charities were involved in direct delivery of services to users/clients as part of their core positioning [as reflected in their mission/purpose]

rather than in providing indirect services such as advocacy or campaigning activities (Handy 1992; Bruce 1998). A service of high quality was therefore considered by interviewees as an important strength to develop and maintain. Moreover, demonstrating evidence of these key strengths had helped the organizations in attracting funds and other crucial resources from statutory and voluntary sources.

"We are already now delivering the charity's ideal positioning that is planned, for example, we are providing quality homes with unique services very successfully. These could be referred to as benchmarks for success for others to follow. We receive feedback from house users and donors that we are delivering the support to families at the homes very well."(Marketing/Public Relations Manager, Children Homes)

6.5.2.5 *Positioning dimensions particular to one case organization only*

Interviewees had also perceived some dimensions that were unique to each case organization. These dimensions had helped to strengthen the distinctiveness of the CO. For instance, Children Homes had developed unique partnerships with different NHS hospitals with paediatric care for children in certain locations in England, while Drugs Care considered its strong government funding and close working relationship with statutory and other partner organizations as legitimacy for its service expertise. On the other hand, interviewees in Rescue Service cited its strong volunteer ethos and its ability to provide the largest independent all year emergency rescue service at sea and beaches as its unique positioning dimensions. Community Care considered itself as the only community foundation in the north east of England and had been successful in becoming the largest community foundation in the UK in terms of endowed assets.

6.5.3 Changes to strategic positions across cases

For this sub-theme in Theme 2, it appeared that interviewees in all four COs were in agreement that their organizations' strategic positions, which reflected their core mission/purpose, had remained largely unchanged since inception. Children Homes remained committed to providing free accommodations to families of sick children who were receiving treatment in nearby hospitals. Community Care's focused mission ensured that it continued to attract funding from within the north east region to fund activities of small voluntary and community groups in that region. Drugs Care had continued to provide drug treatment service to substance mis-users, while Rescue Service remained committed to providing emergency lifeboat rescue service to anyone who was at risk at sea.

However, interviewees were in agreement that their organizations had changed structurally and operationally to support their core mission/purpose over time. These changes were described in sub-section 6.4.3. In all four COs, these changes were necessitated because of a combination of external environmental pressures and internal organizational development. These changes ranged from transformation of the organization's form and structure, as in the case of Drugs Care, to more subtle reviews of services to be offered to existing or new users/beneficiaries, as in the cases of Rescue Service and Community Care. They represented changes in the positioning dimensions of the COs, which were based on reviews of their key strengths and distinctive competences over time. Moreover, changes in government policy context and increased competitive intensity for financial and other organizational resources appeared to have triggered more conscious strategic reviews and formalized strategic planning by their senior management. Table 6.13 compares the changes in the PS of the four COs and the reasons that had prompted those changes.

Table 6.13: Cross-case analysis and comparison
Research Theme 2: Changes to strategic positions in the four case study organizations

Research Questions	Children Homes	Community Care	Rescue Service	Drugs Care
2c) Were there changes to the current positioning strategy compared to the past?	No change to its strategic position, which was guided by the charity's mission.	No change to its mission and its geographic position.	No change to its strategic position, which was guided by the charity's mission.	No change to its mission as a service delivery charity.
	Yes, changes to the way the position was delivered by realigning its structure/resources and communicating to wider target audiences since 2003 with the appointment of PR/Comm Manager.	Yes, changes to core business from focusing on donors/fundholders in early years to also providing services to grant applicants, increasing funding from government funded grants, and communicating its position to wider target audiences over past 4-5 years.	Yes, changes to way the position was delivered by realigning its resources, and expanding its core services from rescue at sea to including beach lifeguarding from 2000, and communicating its position to wider target audiences.	Yes, changes to way position was delivered by restructuring the form/structure and funding patterns from a voluntary association of parents funded by voluntary income to a highly structured organization with paid staff delivering mainly government funded contracts over past 5-6 years.
2d) Who/What prompted strategic planning initiatives and changes to its strategic position?	* Appointment of new Chairman and Chief Executive from 1999/2000. * Changes in external environment/increased competition for voluntary funds.	* Declining legacy and investment income * Changes in external environment/increased government grants for local community development.	* Appointment of new Chief Executive in 1999. * Changes in external environment/declining legacy income/increased competition for voluntary funds.	* Chief Executive instrument in leading changes. * Changes in external environment and government policies affecting its core services and resources support. * Increased competition for voluntary income and service contracts

6.5.4 Impact of changes in strategic positions

While structural and operational changes were arguably necessary from the case organizations' perspective to adapt to changing external environmental pressures over time, these changes had begun to create tension between the charity's long-term economic survival and its established core values. This tension had affected the case organizations in different ways. Three major impact of these changes have emerged from the findings:

- **Erosion of volunteer ethos**

In an effort to be strategically effective and efficient, Drugs Care had embarked on strategies that have eroded its volunteer ethos to some degree. By realigning its strategic position over time, the CO had become highly professional with increasing number of paid staff, and to quote one interviewee, "[we] *are a business now, but a non-profit making one*". Furthermore, the high dependency on statutory contracts and funding had created much uncertainty about the future strategic direction of the organization, in particular, after the Government's ten-year Drug Strategy ends in 2008. The changes had also affected the organization's ability to raise funds from voluntary sources.

"After 2008 when the Drugs Strategy ends, funding may not be there to enable the charity to provide more of the services which reflects its mission, that is, to provide treatment for any adult, child and their families that come to us for treatment. Then it will affect the charity's mission, and consequently our core position." (Head of Fundraising, Drugs Care)

In Rescue Service's case, its beach lifeguarding services were provided on contract to local authorities using mostly paid staff. For some interviewees, this move conflicted directly with the core value of the charity, to remain funded by voluntary sources of income, and had created tension in preserving its strong volunteer ethos.

"The pure volunteer ethos in the charity's core values has been challenged somewhat over the years because of the increasing use of paid lifeboat crews, and has been eroded by beach lifeguards who are mostly paid staff." (Beach Lifeguarding Officer, Rescue Service)

- ## *Managing relationships*

In the case of Community Care, tension had emerged between maintaining good working relationships with government funding agencies/local authorities and competing with them for delivery of services in the north east region of the country. At the same time, managing government grants required dedicated resources [staffing and grants selection/awarding and monitoring systems] that were distinctive from those required for the charity's general grant making activities. The Board of Trustees and Chief Executive had recognised the need to be cautious about the over-reliance on short term government funding on the longer-term sustainability of the organization's business.

"The government's grant contracts require us to have a different language, different performance reporting, much more scrutiny. We are beginning to change into the kind of organization that does not suggest that our real work is about finding more donors/and doing more donor work – because these are endowment funds that stay with us for years and years." (Chief Executive, Community Care)

- ## *Limiting operational choices*

Although Children Homes was dependent on voluntary sources of income for its activities, it had relied on publicly funded hospitals with paediatric care for the majority of its accommodation users. Contractual relationships with these partners had limited the charity's choices to work with different partners and in other parts of the country. Tension was developing within the organization between adhering to its focused mission and its senior management's desire to grow the organization in different ways. Interviewees were concerned about the charity's vulnerability in the future if its role became less relevant. For instance,

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changes in societal needs and government policies, in particular those affecting the NHS and ancillary healthcare services. The CO's positioning dimensions would then be challenged and would need to be reviewed in light of these external pressures.

"If the government decided it will, as part of the wider public services, finance and support the concept of 'homes from home' within the NHS, then our charity's role could cease to exist." (Chairman, Board of Trustees Children Homes)

6.5.5   Theme 3 - Factors influencing positioning strategy across cases

The third research theme examined the factors that influenced the PS across the four case organizations. Table 6.14 summarises the factors influencing the charity's core PS and positioning dimensions as cited in the four COs. Major factors were categorized here as those cited by 50% or more of interviewees, while minor factors were cited by less than 50%. For the purpose of clarity in reporting, the influence of a major or minor factor on the CO's core PS was assigned 'X' or 'x' respectively in Table 6.14. The influence of a major or minor factor on a positioning dimension was assigned 'Y' or 'y' respectively. The utilization of major and minor factors in this study was to distinguish the degree of concurrence among the interviewees for each factor. However, they do not necessarily imply that major factors were more or less important than minor ones in this study.

As it can be seen in Table 6.14, there were several factors cited by interviewees in all four cases that had influenced the core PS and positioning dimensions in varying degrees. Taken together they could imply strength of agreement or common perception of interviewees across cases. Factors that have influenced the core positioning of the charities were government influence, environmental factors other than government, the charity's mission and needs of users/beneficiaries. Factors that had affected the positioning dimensions were availability of organizational resources, competition [other than from statutory sources], Board of Trustees/Chief Executive, and organizational size.

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Sub-sections 6.5.4.1 to 6.5.4.4 explain these factors further by comparing their effects on the case organizations.

Table 6.14: Cross-case analysis and comparison
Research Theme 3: Key factors influencing positioning strategy

Key Factors influencing positioning strategy in case organizations X and x = affect core positioning strategy Y and y = affect positioning dimensions X and Y = Major factor if responses >=50% x and y = Minor factor if responses < 50%	Case 1 n=7	Case 2 n=8	Case 3 n=8	Case 4 N=4	Mean Frequency of Responses from total of 27 interviewees on factors cited across four cases
Governmental influence *(funder, policy maker, legitimizer)*	xY	XY	Y	XY	85%
External Environmental Factors *(other than government/political e.g. shifts in social-demography, economic, technology, international developments, media influence)*	Y	XY	XY	Xy	59%
Needs of Users/Beneficiaries	XY	X	X	X	41%
Mission of the organization	XY	X	X	X	38%
Organizational Resources *(include availability of funds, skills and capabilities)*	XY	Y	Y	XY	68%
Competition *(other than statutory)*	Y	Y	Y	Y	60%
Trustees/Chief Executive of the organization	Y	X	Y	y	40%
Organization size *(size and number of branch offices, number of staff, total income and assets)*	y	-	Y	y	*Factors particular to some cases*
Needs of Donors *(non-statutory)*	y	X	X	-	
Needs of Volunteers	-	-	X	-	*Factors particular to one case only*
Organizational Culture	-	-	-	X	

6.5.5.1   *Generic or core positioning factors*

- *Governmental influence as policy maker, funder and legitimizer*

    The most frequently cited factor in all four case organizations was governmental influence. The type and extent of influence depended on the perceived role that government played in the case organization's sub-sector

and in their particular operations. In all cases, the predominant influence was from government's role as a major policy maker in social care and community welfare in the particular service area that the charity operated in. These policies took the form of national strategies or major funding commitments, which had affected the COs in different ways. As highlighted in sub-sections 6.4.3 and 6.4.4, they had responded in their particular ways to the evolving policy context.

For example, in Drugs Care all interviewees cited government as the major influence on its core positioning strategy and its dimensions. As the major policy maker in substance misuse in the UK, it provided an enabling policy context where the issue of substance misuse had become an important public service target. It had also become a dominant contractor for the charity's services. This increasing emphasis on statutory projects and income had subsequently directly influenced the range of services that the organization delivered and the nature of its workforce. These changes, however, had not altered this mission or its key target audience. Rather, governmental policies and statutory funding commitments in drug treatment had reinforced its mission and enlarged the scope of these activities.

However, there were concerns raised by interviewees in all cases about the potential impact of government's influence on their organization's operational autonomy.

"Government (local authorities) as funder is a also major stakeholder for beach lifeguarding because of the lifeguarding contracts that the charity is funded to deliver. They can also influence what the charity says to the media in the local areas under the lifeguarding contracts, and what are reported to council members." (Beach Lifeguarding Officer, Rescue Service)

Furthermore, uncertainty in future government policies including funding commitments could also impact the methods of delivery of services and types of service offered in their service areas in the future.

"The government holds the key to how funding will be spent on different public services including the areas of drug treatment to be provided now and in the future. This policy and funding influence affect the types of services that the charity provides. Government holds the key to the 'safe'. They decide where and how money in this area is going to be spent. These have a waterfall effect on us." (Branch Service Manager, Drugs Care)

Moreover, the government's role was also perceived to be an important legitimizer of charitable work in the area of social care and community welfare.

"Local authorities are important to us because they are legitimizers for the charity's work with the local communities as a grant giver, and as a funder because the charity does a lot of work funded by the local authority grants. All of these schemes are part of the government's strategy to reduce poverty, and to build stronger relationships within the community. They don't do this through private foundations but prefer to give these to us." (Marketing and Public Relations Manager, Community Care)

- *External environmental factors (other than government)*

The second most frequently cited factor was other external environmental influences. The nature and degree of influence differed depending on the type of service provided and consequently the major sources of funding. For example, Children Homes and Rescue Service depended heavily on voluntary income from individuals and corporations rather than on government funding. The majority of interviewees in these two cases therefore considered shifts in societal economic and socio-demographic factors as most influential on its core positioning and its resource base. On the other hand, interviewees in Drugs Care cited public attitudes in the UK towards drug addiction and the influence of media coverage on government policy on substance misuse as affecting the charity's core positioning and positioning dimensions over time.

- *Mission*

  About a third of interviewees in each of the four COs cited the charity's mission as a major influence in guiding the choice and change of strategic position of their organization over time. As summarized in sub-section 6.5.2.1, interviewees had also strongly identified mission as the foundation of their CO's strategic position. The mission distinguished the charity from other COs in its sub-sector.

- *Needs of users/beneficiaries*

  67% of interviewees in Drugs Care cited this as a major factor that influenced its core positioning. Shifts in the needs of users determined the range of treatment regimes that it developed and the availability of resources to support the delivery of these regimes. On the other hand, only 18% and 29% of interviewees in Community Care and Rescue Service respectively cited the needs of their primary target audience (local community/voluntary groups and sea users) as influencing its strategic position. The contrast in response could be explained by the differential funding patterns in these charities.

6.5.5.2   *Positioning dimensions factors*

- *Availability of Organizational Resource.*

  The most frequently cited factor that affected the positioning dimensions was availability of adequate resources, in particular funding, skilled workforce, and technical competences. Interviewees in all four case argued this was necessary to sustain the key strengths of the organization in order to support its core PS. Managing cost of delivering services effectively ensured quality service standards within the amount of funding available for their services.

- *Competition [other than from statutory sources]*

This was the second most cited positioning dimension factor. Interviewees in all four COs were in general agreement that competitive intensity in their sector/sub-sector had increased since the 1990s. Moreover, they perceived further increase in the current level of competitive intensity over the next five years. However, the sources of competition in the four COs were different. This difference reflected the nature of services each charity provided and their historical orientations. For instance, interviewees in Drugs Care cited high competition for financial and other organizational resources as influencing the standards of services to clients and increase in operating costs in pursuit of higher quality standards. Competitive intensity was perceived to be very high for both funding and government service contracts in this charity. It had a direct impact on attaining the quality of services required in these contracts.

"Competition enables the charity to develop a strong corporate position of providing high quality services that are supported by policies and procedures designed around client-focused services. When we deliver the service, we need to achieve what we are going to achieve – because it affects the well being of the clients, the perception of the community in terms of the reputation of the organization, and the organization's security at the end of the day." (Branch Service Officer, Drugs Care)

Competitive intensity had also affected the ways in which Rescue Service and Children Homes distinguished themselves in order to attract voluntary funding and for service delivery. As the largest independent lifeboat rescue service in the country, interviewees in Rescue Service perceived competition from providers who offered similar services as unthreatening, mainly because they were relatively smaller in size. Competition had, however, influenced the need for the organization to adapt to the changing patterns of sea users and for it to remain relevant over time. In the same vein, but for a different reason, interviewees in Community Care perceived low competition from providers of similar service in its locale mainly because of its geographically

focused position as the only community foundation grant-maker serving the north east of England.

"We are the only charitable organization in the north east region that has to fundraise for money – so competition is not high. We don't find the competition for funds terribly competitive because we are quite specific in what we do." (Development Director, Community Care)

- **Board of Trustees/Chief Executive**

    Around a third of interviewees in all the four COs mentioned that their Board of Trustees approved major strategic decisions, including changes to the organization's SP. The Chief Executive, in particular, guided the initiation and implementation of their major strategic directions/plans. In all the cases, these internal key decision makers were instrumental in initiating major strategic reviews to the organization's future directions and positioning over the past six to seven years.

    "Strong leadership shapes the corporate culture. A leadership change, especially a new Chief Executive, will affect the types of corporate strategies pursued, and could affect the charity's positioning. Our current CE is very mission-orientated." (Head of Fundraising, Drugs Care)

    "Since 2001, the board of trustees has been increasingly involved in planning, developing and reviewing the strategic directions of the charity. A change in that direction could affect the way the charity positions itself. For example, if the corporate strategy decides that the charity begins to provide day accommodation only, this will influence where our competition is, and consequently where our positioning lies." (Chief Executive, Children Homes)

6.5.5.3 *Factors that apply in some cases or one case only*

Having considered the influencing factors that were cited in all four case organizations, this section identifies some factors that were cited in only some of the cases. Interviewees in three cases cited two factors only: organizational size

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and needs of donors. Two other factors were cited in one case organization only: needs of volunteers and organization culture. The variations in positioning dimensions stem primarily from the COs' contextual differences, which are reviewed below.

- **Size of organization** as an influencing factor was cited by a minority of interviewees in three cases. Interviewees in Rescue Service and Drugs Care perceived that the large size of their CO [in terms of having wide geographic reach and large numbers of users/beneficiaries] had made it increasingly difficult to sustain its mission, and therefore, its core PS.

  However, Children Homes considered its small organizational size in terms of total income and marketing/fundraising budget as a major weakness. Its SP was very focused in order to avoid direct confrontation with larger charities that offered similar services. Therefore, it had worked closely in partnership with specific types of hospitals [government funded, teaching hospitals that provided paediatric care] in selected geographic areas in the country.

  "We lose out to larger charities that are more publicly exposed for corporate donations time and time again. We are small but we focus on major projects for cost-efficiency. That is why we don't offer accommodation services at those hospitals that have links with the larger competitors." (Fundraising Manager, Children Homes)

  In contrast to the other three COs, interviewees in Community Care did not consider organizational size as a major influence on its SP. This was because, as a community foundation serving the north east of the country, it was very focused in providing a niche service in that geographic location only. Being efficient and effective in that service was considered more important than largeness in size for this CO.

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- *Needs of donors and of volunteers* was cited by three cases only. In contrast to Drugs Care, Rescue Service and Children Homes depended on voluntary donations for over 90% and 100% of its income respectively. Whilst Community Care had taken on an increasing number of local statutory grant projects, it remained dependent on voluntary sources of funding for half of its total income as at 2004.

" The new 5-year Corporate Plan [2005-09] stressed that any drivers of the organization's growth must be to build its core business i.e. finding more voluntary income from donors/doing more donor work rather than taking on grant-making contracts with the government."(Chief Executive, Community Care)

In addition, Rescue Service relied on over 95% of volunteers to deliver its sea rescue services. Maintaining its volunteer ethos was one of the six core values of this charity. However, the charity's strategic decision to expand into beach lifeguarding had started to erode its pure volunteer ethos. The majority of beach lifeguards in the charity were paid staff. Interviewees were concerned about the charity's ability to retain its volunteer base and ethos in the future, given an increasingly challenging external environment and internal organizational changes.

"The charity must maintain its strong volunteer ethos and to be free from government funding. Because volunteers in the organization wants to be involved with it, and not because they are getting paid for the job that they do in the charity." (Branch Fundraising volunteer, Rescue Service)

- *Organization culture was* cited by interviewees only in Drugs Care as strongly influencing its core positioning strategy. Schein (1992) defines corporate culture as a set of basic assumptions, which are invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration. In terms of SP, culture has been classified as a source of sustainable competitive advantage in commercial [for-profit] organizations (Amit and Schoemaker 1993). It

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takes time, skill and capital to develop (Dierickx and Cool 1989), where these investments are irreversible (Peteraf 1993), and hence difficult to imitate. The Chief Executive was credited with inspirational leadership and very mission-focused types of organizational strategies. This had shaped a strong organizational culture that was results-orientated and competitive in nature and had influenced the organization's ability and competence in adapting to changing and increasingly competitive external environmental conditions.

"The organizational culture is a key factor. Its ethos is results-orientated and competitive culture. We aim to do things well. Management provides an enabling and learning environment with a can-do attitude. We have a passionate work force with good teamwork, integrity and openness to change." (Development Director, Community Care)

6.5.6 Summary of cross-case analysis

This section has provided a detailed comparison of evidence emerging from the four cases studies around three main themes. The multiple cross-case analysis had utilized the method of analytic comparison where similarities and differences in the evidence across the four COs were drawn out using the themes to guide the analysis. The consistent use of similar themes in both the intra-case analysis and cross-case analysis aimed to enhance internal reliability in the case study methodology. Importantly, the process of comparing the evidence across cases had also allowed for additional sub-themes to emerge, for example the impact of changes to SP, and had provided further explanations for variations in the main themes. The evidence from this stage of the case studies had therefore contributed to building a more comprehensive picture of the SP activities in COs.

6.6 Overall summary of key findings in case studies stage

This section summarises the intra-case and cross-case evidence that have been presented in the preceding sections in this chapter. The summaries are presented here in order to answer the research questions supporting each of the three main themes posed for this stage of the study.

[1] Process: How was SP undertaken in the case organizations? [RQ 2.5] Were there similarities or differences between the cases, and what were the reasons for these? [RQ 2.6]

- There was strong evidence from the case studies that, despite their contrasting histories and organizational characteristics, COs had begun to undertake SMP and PS activities as defined in this study. However, there was little evidence found to suggest that the PS of COs was an outcome of their SMP process in a competitive environment, as argued by some authors in mainstream marketing literature (e.g. Lovelock and Weinberg 1989; Hooley et al. 1998a; Andreasen and Kotler 2003). This process was found to be firmly embedded in the corporate planning process, with the marketing function playing a role mainly in communicating this position once it had been agreed by the Board of Trustees.

- Moreover, the PS of COs had not been the result of a deliberate or pre-planned process but rather had emerged from their responses to external environmental influences and internal organizational changes. Emergent PSs of the case study organizations appeared to have been developed as patterns of past decisions and cumulative experiences (Mintzberg 1978). Mintzberg and Waters (1985) suggest that Porter's (1980) generic PSs could be emergent in nature. It was apparent that in established COs, such as in Rescue Care and Drugs Care, there were extended periods of learning from experimentation and past experiences (Levitt and March 1988; Brodtrick 1998). In relatively 'younger' COs, such as Children Homes and Community

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Care, this process had evolved quite unconsciously and with little pre-planning, mainly in response to the rapidly changing external environment.

- There was also little evidence in this present study to suggest that such emergent PSs of COs were more or less effective than deliberate ones to enable the organizations to achieve their positioning goals. However, the interviewees in the case study organizations perceived that their emergent PSs had provided serendipitous organizational learning, which paved the way for subsequent, more deliberate, strategy development (Mintzberg and Waters 1985).

[2]   **Strategy: What were the components of the case organizations' positioning strategy? [RQ 1.3, 1.4] Why were these adopted? Were there similarities or differences between the cases, and what were the reasons for these [RQ 1.5]?**

- There was evidence from all four case studies that their PS comprised of distinct but inter-related components, such as a generic or core PS, key target audiences and positioning dimensions.

- There was further evidence to demonstrate that these organizations did adopt differentiation positioning and focus positioning as their generic or core PSs (Porter 1980). Three of the four cases adopted focus positioning, while one case [Rescue Service] had adopted differentiation positioning. COs adopting focus positioning tended to be smaller in size [total annual income and paid staff] compared differentiation positioning. This finding was consistent with that suggested in the exploratory survey data analysis in Chapter 5, sub-section 5.8.4.

- It was evident that two distinct groups of audiences were targeted in the PS of COs. The first group comprised of users or beneficiaries of the charities' services, and was denoted as primary target audience. The secondary target

audience comprised of a variety of individuals/groups/institutions that provided funds and other vital organizational resources to support the delivery of services to the primary audience. Some of these groups/institutions were considered to be the charity's key external stakeholders, such as statutory funders, central and local authorities, donors, volunteers, and other partner organizations. These findings appeared to be consistent with those found in the exploratory survey stage.

- However, there was little evidence to suggest that PSs in the case study organizations were created or pursued for purely competitive motives. The drivers for adopting their strategic positions were multiple and differed from the often singular purpose of gaining competitive advantage commonly attributed to commercial firms (Hamel and Prahalad 1989). One common positioning dimension cited in all the four cases was the close working relationship with statutory, voluntary and private sector organizations in pursuance of their mission. This finding was not evident from the exploratory survey stage. It suggests that COs have developed strategic relationships by co-operating/collaborating with key external audiences as one of their key strengths to support the PS over time.

- Despite their contrasting background and services delivered, there were common positioning dimensions found across the four cases, such as high quality of services delivered to users/beneficiaries, expertise in their particular service, and strong working relationships with statutory, private and other voluntary sector organizations. Importantly, however, each organization had developed its particular distinctiveness, which became a key distinguishing feature in its strategic position. Although the case study organizations perceived varying degrees of competitive intensity in their sub-sectors for funding and other resources, they have developed idiosyncratic positioning dimensions that reflect their key strengths over time.

[3] **Had the strategy position of the case organizations changed since inception? In what ways had it changed and what prompted or caused that change?**

- In all the four case studies, there was evidence that the organizations had changed structurally and operationally whilst maintaining their core PSs. These changes were necessitated because of a combination of external environmental and internal organizational factors. They have adapted to external environmental pressures (an evolving policy context, competition for income streams for investible funds, socio-demographic shifts and technological innovation) by making structural, operational and resource adjustments.

- Key triggers to changes in positioning activity included a change of organizational leadership, shift in governmental policy or changes in other specific external environmental conditions. The changes most often had adversely impacted the CO's core services and financial resources, such as declining voluntary income and increased competition for service contracts. Therefore, these trigger events were instrumental in initiating more formalized strategic planning and review of the charity's strategic position in all the four COs.

- Changes in the CO's strategic position had, however, begun to create tension between its long-term economic survival and core values. The impact of these changes varied in the four COs, which reflected the differentials in the nature of services provided, degree of government policy influence, and strategic decisions taken by their organizational leaders. The most common concern of interviewees was that they have embarked on strategies that had eroded their volunteer ethos in varying degrees. By realigning their strategic positions over time, the charities had become highly professional with increasing number of paid staff. Osborne (1998, p. 16) argues that the defining characteristic of VNPOs is the 'voluntary value' that they hold. For

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charities, this means that they should show some form of 'public benefit', such as participation of volunteers in service delivery, fundraising or distinct management of the organization. The erosion of that core value had, in part, made it difficult for those COs that relied heavily on statutory income to attract voluntary donations.

[4]   **Influencing Factors: What were the key factors that influenced the case organizations' choice of positioning strategy [RQ 2.1]? How have they affected the organization's strategic positioning [RQ 2.2, RQ 2.3]? Were there similarities or differences in the factors between the cases, and what were the reasons for these [RQ 2.4]?**

- The PS of COs was influenced by a combination of external environmental and internal organizational factors. From the cross-case analysis, these factors were further categorised as those influencing the core positioning component of the PS, and those that influenced its positioning dimensions. Several factors identified in this stage of the study were consistent with those identified from the exploratory survey stage in Chapter 5, sub-section 5.7. These were the charity's mission, needs of services users/beneficiaries, needs of donors/funders, availability of organizational resources, external environmental factors, influence of the Board of Trustees, needs of volunteers and organizational culture. However, the case studies have generated 'new' factors that were less prominently cited in the exploratory survey stage. These were governmental influence and organizational size.

- The most frequently cited factors that influenced the core positioning component of the PS were: governmental influence, other environmental influences, the charity mission and needs of users/beneficiaries.

- Factors that influenced the positioning dimensions component of the PS were: availability of organizational resources, presence/degree of competition

[other that from government sources] and the Board of Trustees/Chief Executive.

- Some factors were common across all cases, but others were found to be distinctive of a particular CO. The variations appeared to be a result of differential in size of the organization, organizational culture and funding patterns.

- Government was the most frequently cited factor in influencing the strategic positioning of COs. In contrast, a minority of respondents cited this factor in the exploratory survey stage. The variance could be because in the survey questionnaire the influence of government was specifically defined, that is, as funder of the CO's services and was not as widely interpreted from the interviewees in the case organizations (see Chapter 5, Table 5.16). For instance, evidence from the case studies had demonstrated that the degree of influence from government differed, depending on the perceived role that it undertook with a CO: a funder, policy maker or legitimizer of organizational activity. The degree of influence could also depend on the nature of the services provided by the charity, and the extent to which organization leaders decided to engage with government as a partner or acted to maintain organizational independence and autonomy.

- It has been revealed in all the four cases that a CO's mission played a crucial role in SP because it acted as both a positioning differentiator and as a primary influence of PS. Therefore, a CO's mission poses a major influence on its strategic direction. This finding was consistent with the exploratory survey finding, as reported in Chapter 5, sub-sections 5.6 and 5.7.

- The degree to which competition affected the PS in charities varied depending on the nature of services each provide, their historical orientations and the organizational leaders' overall perception of competition in the

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sector/sub-sector that each operated in. This finding was corroborated by the case organizations' responses in the exploratory survey questionnaire, which showed variations in the perception of competitive intensity across the case studies (see Table 6.2).

- Influence of Board of Trustee/Chief Executive played an important part in SP of COs. They initiated more formalised process for positioning activities, and led the strategic reviews. Moreover, the case studies suggest that, a leadership change, e.g. in the Chairman or the Chief Executive, could trigger a change in positioning activities or in initiating the process of SP itself in the CO.

6.7   Conclusions

The purpose of this chapter was to present evidence from four cross-sectional case studies at the third stage of this study's three-stage methodology. The evidence was presented along three main themes that had emerged from the preceding exploratory survey stage. This approach was undertaken in order to address the research objectives and answer the research questions posed for this study more comprehensively. Four case studies from amongst the survey respondents were examined. They were selected based on both organizational criteria and from their responses in the survey questionnaire.

Evidence from the case studies was presented in two main steps. First, findings from the intra-case analysis were produced. Here, each case organization was examined and evidence was presented along the three research themes. Second, findings from the cross-case analysis were presented along the three themes in order to draw out similarities and differences of findings across cases. In addition, this second step had enabled further sub-themes and new evidence to emerge. This method of analytic comparison had thus enabled in-depth examination of the themes. In addition, it had provided further probing for explanations to answer the research questions, whilst

facilitating data triangulation in the case studies and methodological triangulation with the findings from the preceding exploratory survey.

Evidence from the case studies presented in this chapter has demonstrated that SP activities were undertaken by COs. They have indeed begun to position themselves strategically in their unique ways within their complex and changing operating environments. The evidence also suggests that the process of SP in COs was more emergent than pre-planned at the time of this research. The choice of different components in the PS in COs was influenced by a complex combination of external environmental and internal organizational factors, which were unique to them

An overall summary of the key findings from this stage of the study was offered using the research questions stated at the beginning of this chapter to guide the presentation of evidence gathered. Evidence from the case studies extended those gathered in the preceding exploratory survey stage. Consequently, and more importantly, they have provided a more complete picture of the SP activities in COs. Taken together, the evidence from the case studies and the exploratory survey form the basis of a theoretical model, which depicts the factors influencing PS in the charitable context more aptly. The next chapter discusses further the key findings from the two stages and presents the theoretical model of influencing factors on PS.

Chapter 7: Discussion of Key Findings & Theoretical Model

7.1 Introduction

This chapter draws together the findings in the exploratory survey stage [Chapter 5] and the case studies stage [Chapter 6] reported so far, and reviews them in light of the existing literature. It is based, in part, on two articles co-authored by this reseacher and which are currently being reviewed in the *British Journal of Management* (Chew and Osborne 2006a) and in the *Aston Business School's Research Paper Series* (Chew and Osborne 2006b). The chapter begins with a summary of the chapters developed so far in this thesis. The intent is to summarise conceptual and methodological links between the various stages in the study. It will also discuss a number of key findings and points of convergence and divergence between the empirical data and existing literature/research. This discussion is guided by the two main research questions established for this study.

Thereafter, a theoretical model that integrates the key factors that could influence the PSs of COs and which has been shaped from this research's empirical data will be unveiled. Where possible, the emerging factors will be evaluated with those identified in the initial organizing conceptual framework suggested in Chapter 2 and other relevant literature on strategy development in VNPOs/COs, and explanations offered. Four major premises underpinning the model are next reviewed and their significance explained. The chapter concludes by summing up the major findings for this study.

7.2 The Story So Far ...

The driving force behind this research has been the emphasis for VNPOs, in particular COs in the UK, that deliver public services to be more strategically orientated as they find themselves increasingly propelled into the forefront of public service policy development and delivery (NCVO 2004a; 2005b). As it was explained in Chapters 1, 3

and 4 the diverse nature of the work of VNPOs in the UK has made it necessary for this study to focus on British COs, in particular those in the GWSC sub-sectors (CAF 2003). These COs were chosen because a high proportion of them were involved in the delivery of public services. Specifically, it was established that the changing policy context in the country and other external environmental drivers in the socio-economic, technological and competitive landscapes have continued to exert pressures on COs to manage their operations to effectively satisfy both their short-term survival needs and their longer-term strategic positions (Chew 2005; 2006a,b). This was evident in the 50% increase in the number of registered charities since 1975 (Charity Commission 2004a). COs have responded in various ways, including adopting professional management approaches and marketing techniques to help them adapt their operations and resources in pursuance of their mission. The changing relationships between COs and their counterparts in the public and private sectors were a significant result of these external environmental pressures and internal organizational responses.

Yet, because of the paucity of empirical research, little is known about how COs have responded in terms of strategically positioning themselves in a changing policy context and external operating environment. At the same time, it was noted that the majority of theoretical underpinnings in the use of positioning found in the extant literature have been derived from the context of commercial [for profit] organizations. The focus of this study is thus to ascertain to what extent the contemporary strategy/marketing literature on SP is applicable to COs. Two main research questions were established to guide this investigation: [1] to what extent have British COs undertaken SP activities in their organizations? and [2] what are the key factors that could influence the choice of their PSs?

This story began in Chapter 1 by establishing the concept of positioning and its role in strategy development and marketing in the organization. It noted that despite a variety of definitions of positioning for both commercial [for-profit] and non-profit organizations in the extant literature, there remains no single universally accepted definition of this

concept (Chew 2003). Importantly, this introductory chapter distinguished between SP, as a management decision-making process that differentiates the organization from other providers of similar services, and PS, as a key output of the SP process. It established that organizational level positioning is distinct from, but provides direction for positioning at the lower levels [e.g. product or brand positioning] in the organization (Hooley et al. 1998b; Fill 2002). The organization's strategic position explicitly or implicitly identifies the key direction for its core PS [its distinctiveness] and provides guidance on developing its positioning dimensions [deployment of resources and core competences] to differentiate the organization from other providers. It argues that there are *at least* two views of the organization's strategic position: the organization's view, and that of its external audience (Attia 2003; Chew 2003). While this study recognizes the importance of both views, it is primarily focused on the organization's view of its position. A reason for this was that the organization needs to know first of all what it stands for and its distinctive competences. Regular review of the organization's strategic position should include monitoring the external target audience's view of its position in light of external environmental and internal organizational changes. This is to ensure that there is alignment between the organization's view of its position and what the external audience perceives it to be (Andreasen et al. 2005).

Following this conceptual clarification in Chapter 1, the second chapter reviewed the current literature on SP at the organizational level, both for commercial [for-profit] and non-profit organizations in general and COs in particular. It noted that there is little existing literature on positioning in organizations other than for commercial [for-profit] ones, while positioning research in the charitable context has been largely ignored. Moreover, there is considerable confusion around the concept of positioning in the extant strategic management/marketing literature that stems from different theoretical perspectives, as well as from different levels of analysis. Much of the extant theoretical literature on the concept of positioning for non-profit organizations tends to describe it in similar ways as found in the commercial marketing literature. From the literature

review, three perspectives were reviewed for the purpose of identifying contrasting arguments on the forces that shape a PS: competitive industry forces/MO perspective, resource-based view on positional advantage, and stakeholder orientation/resource dependence perspective. This review led to an initial organizing conceptual framework that depicted the components of a PS and the possible factors that could influence the choice of PS in the charitable context. It argued that the use of multi-dimensional perspectives/theoretical lenses facilitated theory development in complex organizational contexts, such as COs (Thomas and McGee 1986).

Chapter 3 reviewed the non-profit management literature on the adoption of strategic management and marketing in COs in particular, and VNPOs in general. It was focused on understanding the context of British COs in light of changing policy, regulatory and other external environmental conditions. The intention was to identify the drivers for and relevance of SP in COs. Key differences between the context of COs and that of commercial [for-profit] organizations were also reviewed. The analysis revealed the current lack of theoretical and conceptual models that could appreciate and accommodate the complexities of managing COs. It supported the calls for more research into examining the appropriateness and applicability of contemporary strategy/marketing concepts to the context of COs/VNPOs. A principal contribution of this study is thus the development of a theoretical model of factors that could influence PS in the context of COs, and that has been shaped from this study's empirical findings.

The fourth chapter outlined the three-stage methodology utilized in this study. It was argued that, because of the limited existing literature and the lack of previous empirical research on positioning activities in the context of COs, it was necessary to adopt an inductive research strategy to adequately answer the research questions established for this study and to facilitate theory development (Bryman 2001). Specifically, it began with a conceptualisation stage that resulted in an initial organizing conceptual framework of factors that could influence the PS of COs. This was developed from the literature review in Chapter 2 and exploratory discussions with a panel of academic experts and practicing managers who were knowledgeable in strategic

planning/marketing in COs. A mixed methodology for data collection and analysis was proposed. It combined an exploratory postal survey to map the extent of PS activities by COs in the GWSC sub-sectors with four cross-sectional case studies to investigate the emerging themes from the survey in greater depth. Comparing results taken from a combination of research methods has the advantage of stimulating theoretical development and guiding new directions for research (Blaikie 2006). This chapter had considered reliability and validity in the research, and had emphasized the need to use both data source and methodological triangulations (Denzin 1978a; Jick 1979; Osborne 1998) to establish these conditions. It concluded with a reflexive section on lessons learned in implementing the mixed methodology utilized in this study.

Chapter 5 reported the findings from the second stage of this study, that is, from the exploratory postal survey of positioning activities in the GWSC charities. It must be remembered that the objective for this stage of the study was to provide an initial mapping of the PS activities in COs. The survey findings were therefore descriptive and were not aimed at establishing causality. Due to the role of SMP in the development of PS, as suggested in the extant marketing literature, it was necessary to examine the extent of SMP activities and the relationship between these and PS in the study. However, the lack of existing scales in the literature to measure PS and SMP in the context of COs had necessitated the development of two 'new' scales specifically for these activities. These scales have enabled this thesis to contribute to methodology development in research into management of COs in general and positioning in specific.

The findings highlighted that COs considered their operating environment for funding and other organizational resources to be increasingly competitive in their sub-sectors. They had begun to undertake PS and SMP activities extensively within their changing environment. COs that undertook SMP more extensively tended to also carry out PS activities extensively, and vise versa. Despite this apparent relationship, there were variations in the extent to which the activities that made up the PS and SMP scales in this study were pursued by COs. A notable finding was that COs did not provide a high level of priority for the activities of 'Competitive Monitoring and Analysis' and of

'Identifying Positioning Dimensions' [key strengths and distinctive competences that differentiated the CO from other providers] in their strategic planning compared to other SMP and PS activities. It was also apparent that COs adopted generic or core PSs, in particular 'differentiation' and 'focus' positionings (Porter 1980). Further analysis revealed that COs adopting focus positioning tended to be smaller in size [total annual income and number of paid staff] and derived a smaller proportion of their income from voluntary income compared to those adopting differentiation positioning.

Moreover, a range of positioning dimensions was utilized by COs to support their core PS and to differentiate themselves from other charities in their sub-sector. COs' choice of core PS and differentiating dimensions was influenced by multiple factors that were both external and internal to the organization. There were dimensions and influencing factors that appeared to be unique to COs. These included the charity's mission, the needs of two groups of target audiences [users/beneficiaries and donors/funders], unique relationships between COs and local/central government funding agencies, and the Board of Trustees/Chief Executive. The chapter ended with a review of the key findings guided by the research questions for this exploratory stage of the study. It emphasized that the evidence reported from the survey was mainly descriptive in nature and could not provide explanations to the variations in the findings and to comprehensively answer the research questions under investigation. Importantly, it was unclear from the exploratory survey what motivated COs in adopting a particular PS or why certain positioning dimensions and influencing factors were unique to them. Three broad themes were conceived from this exploration that required further investigation at the third stage of the methodology, namely, the cross-sectional case studies.

Chapter 6 developed the four case studies along the three broad themes that had emerged from the exploratory survey stage. This chapter was based, in part, on a paper written by this author [see Chew 2006b in Appendix 10]. It was established earlier in Chapter 4 and reinforced in this current chapter that the selection of the case study organizations was aimed at enabling a comparison of findings across the COs' contexts whilst providing a degree of generalisability for the findings in the GWSC sub-sectors. It was agued that

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the three themes necessitated further investigation into the extent of positioning activities in COs. Specifically, they will enable the process of SP [process theme] in COs to be uncovered, determine the components of PS and how these have changed over time [strategy theme], and explain the factors that have influenced the choice of PS [influencing factors theme].

The three themes were evaluated in turn, both from findings within each case organization and from findings across the four cases. There was strong evidence from both the intra-case and cross-case analyses to suggest that, despite their contrasting histories and organizational characteristics, COs were undertaking SMP and PS activities in varying extents. However, there was little evidence of a structured or formulaic process of SP in these COs. Rather, an emergent process that was embedded in their corporate planning activities became evident. The charity's mission played a dominant role in establishing the CO's core PS and key target audiences [arguably since its founding], and had guided the development of positioning dimensions [its key strengths and distinctive competences] to support the PS over time. The motivation for adopting PS in the case study organizations was more complex and differentiated from the singular purpose of gaining competitive advantage over rivals commonly associated with commercial [for-profit] organizations. Co-operative and collaborative working relationships with other organizations in pursuance of their mission was one determinant of the charities' PSs, whilst key triggers for positioning activities included a change either of organizational leadership or of governmental policy.

The key factors that influenced the choice of PS in COs were a complex combination of external environmental and internal organizational influences, some of which appeared to be unique to them. One major factor was governmental influence, which did not emerge as a significant factor from the postal survey findings nor was commonly cited in the extant literature on positioning. This chapter had demonstrated that the degree of influence from government differed, depending on the perceived role that it played in the relationship with a CO, e.g. as funder, policy maker or legitimizer of its public service/charitable activity. Other factors, such as the influence of volunteers and

organizational size were unique to specific COs. The emerging findings from the case studies challenged the current marketing literature on positioning that advocates PS as a key outcome of the SMP process in the organization, and that the *main* goal of positioning is to arguably create a competitive advantage over its rivals. In addition, some of the influencing factors found in the case studies were not among those commonly cited in the literature.

To summarise, the findings from both the exploratory survey stage and the case studies stage provided an arguable first attempt to empirically map the SP activities of British COs. They revealed that COs were employing significant approaches to SP and that these approaches offered a distinctive addition to SP theory and research. In particular, they have reinforced the need to develop theoretical and conceptual models that can better accommodate the specific contexts of non-profit organizations, such as charities.

The next sections 7.3 and 7.4 bring together and discuss in depth a number of conclusions and key points of similarities and differences in the findings that have been drawn out of the analyses in the survey stage and the case studies stage. These are discussed in light of the existing literature. The discussion will be guided by the two main research questions that were established for this study in Chapter 1, and have been restated in Chapter 4.

7.3   To what extent are British charitable organizations undertaking strategic positioning activities?

Chapter 3 has established that the profound changes taking place in the UK policy context within which COs operate in recent years coupled with a continued challenging wider external environment have increased pressure on COs to be strategically orientated in pursuance of their mission/purpose. The combined evidence from both the exploratory survey stage and the case studies stage has demonstrated empirically that British GWSC charities have indeed begun to position themselves within the changing operating environments, both at the sub-sector level and in the wider voluntary sector.

The first main research question will be dealt with in three parts: first, evidence of SP activities; second, anatomy of a PS; and third, the process of SP in COs.

7.3.1 Evidence of strategic positioning activities

- There is strong evidence from both the survey findings and the case studies that British COs have begun to undertake SP in their organizations. In this regard, this study has provided an arguably first attempt to empirically map and explain these activities at the organizational level in the charitable context and from the CO's perspective. Earlier positioning research conducted on charities in the UK offered different depictions of positioning for charities, such as market positioning (Hibbert 1995), product positioning (Wray 1994) and competitive positioning (Saxton 1996). These studies were focused primarily on positioning of charities to support their fundraising. In their different ways, they concluded that British charities lacked strong positions that can differentiate them in the eyes of external audiences, in particular, donors.

It is argued in this present study that SP at the organization level is distinct from, but provides direction for positioning at the other lower levels (Hooley et al. 1998b; Fill 2002). This study has provided empirical evidence to support this assertion. In particular, the case studies have revealed that a strong organizational level strategic position supported certain core values in the COs, which translated into their distinctive range of services/offerings and unique relationships with various stakeholders [such as users/beneficiaries, funders and other partner organizations]. It provided the vehicle through which the CO's key strengths and distinctive competences were communicated in the charity's fundraising and advocacy campaigns. This communications role was undertaken by the marketing function in all the case study organizations.

- It is interesting to note however, that although the survey findings in sub-section 5.5.2 and the case studies in sub-section 6.4.1 reported that COs were

undertaking marketing planning activities at a more strategic level than concluded in previous research (e.g. Cousins 1990; Sargeant 1995), they also revealed that positioning was not a high priority relative to the other SMP activities. For instance, the mean score for 'Identifying the Charity's Positioning Dimensions' activity among all survey respondents was below the total mean score for all the thirteen activities in the SMP scale. This does not however imply that SP is less important for COs. On the contrary, COs were undertaking PS activities, albeit in varying extents. The six activities in the PS scale corresponded closely to the proposed three main components of a PS: generic or core PS, key target audiences, and positioning dimensions. The case studies also provided evidence to reinforce the presence of these inter-related components in British COs.

- This study has also provided evidence from the case studies that the CO's strategic position explicitly or implicitly identifies the key direction for its core positioning [its distinctiveness] and provides guidance to develop its positioning dimensions [key strengths and core competences] to differentiate it from other providers. Strategic position embodies the 'strategic intent' or overriding ambition of the organization to reach its desired position (Hamel and Prahalad 1989, p. 64). Strategic intent for positioning by commercial [for-profit] organizations is often viewed in the extant strategy/marketing literature as focusing on competitive goals, in particular, to strive for a leadership position by winning over rival providers. However, little has been researched or understood about the strategic intent for positioning in COs. The 'new' theoretical model developed from the empirical findings in this present study would provide an arguable first attempt to understand the motives for SP in COs, and consequently, to appreciate how SP at the organizational level is undertaken by them. This model is unveiled and discussed fully in sub-section 7.5.

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7.3.2 Anatomy of positioning strategy

Maggard (1986) suggests that PS could be more constructively understood as a broader organizing concept for various strategic decisions and techniques. Marketing strategy literature suggests that a PS for non-profit organizations in general comprises of two broad inter-related components: choice of target audience, and choice of positioning dimensions that differentiate the organization and offerings from other providers of similar services (Hooley et al 1998b; Lovelock and Weinberg 1989). The findings from both the survey and case studies suggest that COs do indeed undertake these two activities in varying degrees as discussed in sub-section 7.3.1. In addition, this study has also revealed that COs do adopt generic or core PSs. These provided the broad positioning stance of the organization, which directs the choice of target audience and supporting positioning dimensions (Porter 1980). Furthermore, the case studies showed that PS provided the vehicle through which the CO's desired strategic position is communicated to its external and internal audiences.

These three inter-related components of PS are therefore suggested for COs on the basis of this research. Establishing these components are fundamental to locate the particular context in which COs operate. Explaining them is an essential starting point to describe the 'new' theoretical model of influencing factors on PS in COs. Each of the three main components in the context of COs is discussed below with reference to the existing literature, where possible.

- *Generic or core positioning strategy*

Porter (1980) advocates 'differentiation positioning', 'focus positioning and 'low-cost leadership' as three generic or core PSs for commercial [for-profit] organizations. These strategies are aimed at achieving the main positioning goal of gaining competitive advantage over rivals in the sector/sub-sector in which the organization operates. This study has revealed that COs in both the survey and the case studies adopt generic or core PSs, with differentiation and focus positionings being demonstrably more evident. The survey has revealed that differentiation

positioning was used by two thirds of respondents, while a third of them adopted focus [or niche] positioning as their core PS. Three of the four case studies utilised focus positioning while differentiation positioning was adopted by the fourth. These findings therefore support the assertion by some authors that differentiation and focus positioning strategies are more appropriate for COs (e.g. Wray 1994; McLeish 1995; Saxton 1996; Bruce 1998).

Differentiation positioning entails establishing some positively distinctive ways in which the organization's offerings meet the needs of their target audiences, and are demonstrably valued by them (Porter 1980). Focus or niche positioning is focusing on serving a particular group of users/beneficiaries, geographic area, or providing a type of service better than other providers of similar service (ibid). As reported in Chapter 5, sub-section 5.6.5, there was little significant statistical evidence from the survey findings to distinguish between COs adopting differentiation and focus positioning strategies along key organizational characteristics. However, they did suggest that COs adopting differentiation positioning tended to be larger in size [total annual income and paid staff], derived a larger proportion of their income from voluntary sources, and fewer of them perceived high competitive intensity for funding and other organizational resources. These findings were corroborated by findings from the case studies. Rescue Service was the only CO among the four case study organizations that adopted differentiation positioning as its core PS. It was the largest and the most established in terms of years since its founding among the four case studies. It derived over 90% of its income from voluntary sources and less than 1% from statutory income.

Additionally, because of the inherent resource dependency of COs on external parties for funding and other resources, low-cost positioning where the organization leads the market with low prices of its services is arguably less appropriate for charities (Bruce 1998). This argument is supported by findings from both the survey

and the case studies. Only one respondent cited low-cost positioning as the CO's core PS. Moreover, low-cost positioning requires the CO to be a dominant player or to occupy a monopoly position in its sector/sub-sector. Sustaining a low-cost leadership position over the long-term is therefore difficult for many COs (Chew 2006b).

- *Key target audiences*

This study has revealed that COs recognized the important influence of two key groups of external stakeholders in their positioning activities. Interviewees in the case studies regarded users/beneficiaries of their services as the charity's primary target audience, while secondary target audience comprised of a number of different parties, such as donors/funders and government agencies that provided essential financial resources to enable fulfilment of their mission.

Mason (1984 cited in Leat 1995, p. 55) argues that COs, unlike commercial [for-profit] organizations, require separate organizational structures or processes to manage their resource attraction and resource allocation functions to effectively serve the different needs and expectations of these two groups of target audiences. Bruce (1998, p. 45) goes further to suggest that the CO has to develop a consistent PS that is acceptable not only to users/beneficiaries and donor/funders, but also to other stakeholders [e.g. government, supporters and the wider community]. It is suggested here that the findings in this research do not necessarily imply that COs utilized dual or multiple PSs at any one time. This study has found distinct efforts by COs to communicate their strategic position to different groups of target audiences, whilst maintaining focus on their raison d'être. It was reported in Chapter 6 that the COs in the case studies regularly monitor how their key target audiences [users/beneficiaries and donors/funders] perceived their organization and what qualities differentiated it from other COs.

- *Positioning Dimensions*

Positioning dimensions are key differentiators based on major organizational strengths that are distinctive of the organization and which provide long-term strategic advantages (Porter 1980; Hooley et al. 1998b). This study revealed that positioning differentiators are the specific instruments through which the CO distinguishes itself from other providers (Chew 2006b). However, appropriate supporting physical, human and financial resources were required to sustain the core positioning strategy over time (Porter 1980; Hooley et al. 1998a, 2001).

The survey and the case studies found that COs utilized a range of dimensions to distinguish themselves and to support their core PS. Some dimensions used by COs were similar to those prescribed in the literature, such as quality service, superior product benefits to users, provision of specialist services (Lovelock and Weinberg 1989; McLeish 1995; Kotler and Andreasen 1996). Yet, other dimensions did not, such as the charity's mission, strong relationship with statutory and private sector organizations, and network of branches and volunteers. The variations suggest differential in sub-sectoral and organizational contexts, and underscore the limited applicability of generic positioning typologies suggested in the extant literature for COs. Different positioning dimensions will draw heavily on the resources and capabilities available to the organization in different ways (Hooley et al. 1998a; Porter 1985). The case studies revealed that the positioning dimensions used by COs were not static but could change over time as the organization adapted to its external and internal environments. For instance, quality of service delivery and expertise in services provided were the most commonly cited strengths of the CO in all the case studies. However, these strengths had been developed over time in order to support their corporate strategy or changes to it. Moreover, the case studies revealed that different COs develop different dimensions that helped them differentiate their charities from other service providers. This finding provides support for the RBV about development of a PS. It suggests that organizational resources and capabilities

are potential sources of core or distinctive competences (Prahalad and Hamel 1990). Core competences were developed or acquired by the COs in this study in order to support their generic PS over time.

7.3.3   Process of developing positioning strategy

It was established in Chapter 2 that the existing literature tends to describe the process of developing a PS in non-profit organizations in general in similar ways as for commercial [for-profit] organizations. Two key differences, which were identified in Chapter 6, sub-section 6.6, stand out from the evidence about the process of SP in COs compared to prescriptions in the extant literature. These are discussed below and later revisited in sub-section 7.6.

- First, evidence from the case studies showed that identifying the charity's strategic position was firmly embedded in its corporate strategy planning process. Strategic management scholars argue that SP is an integral part of the strategic planning and review process. It is about matching the organization's strengths and resources to external operating environment in order to take advantage of opportunities and overcome/circumvent threats (Johnson et al. 2006, p. 43). The marketing perspective, on the other hand, advocates that the strategic position of the organization and its offerings in the marketplace is created within the SMP process (Kotler 1994; Hooley et al 1998b). A positioning strategy from this perspective is the outcome of the SMP process and is aligned with organizational goals, internal resource capabilities and external market opportunities (Lovelock et al. 1996; Hooley et al. 1998b; 2001). The primary positioning goal for commercial [for-profit] organizations is to create and sustain a competitive advantage that seeks superior financial performance for the firm (Porter 1985). The findings from this study provide some support for the strategic management perspective, but found little evidence of the marketing

perspective's depiction of PS development in COs. The COs in the case studies have more established procedures for their corporate planning process compared to their marketing planning ones. The key motivation for positioning for COs stemmed primarily from their mission/purpose, which was rooted in their core social values and ideology. As argued by Johnson et al (2006, p. 26), the underlying ethos of COs, which was primarily not orientated towards profits, played a central part in the development of their strategic positions and PSs. This point will be revisited in sub-section 7.6.2.

- Second, there was no clear evidence from this study to suggest an explicit pre-planned and formulaic process of developing PS in COs as depicted in orthodox management literature on strategy development. As reviewed in Chapter 2, the 'design lens' on strategy development in general is the conventional approach emphasized in the existing literature on developing a PS in non-profit organizations (e.g. Lovelock and Weinberg 1989; Kotler and Andreasen 1996; Andreasen and Kotler 2003). It portrays the deliberate positioning of the organization through a rational, structured and directive process (Johnson et al. 2006).

This study has revealed that PS in COs was more likely to have emerged from actions taken in response to external environmental influences and internal organizational changes. The finding does not imply that COs are unaware of their strategic positions or that the process of identifying PS was chaotic. On the contrary, the COs in the case studies have very strong sense of their strategic positions, which were robustly influenced by their mission/purpose. The emergent PS of COs in this study supports the 'experience lens' to strategy development. Proponents of this approach, such as Lindblom (1959), Mintzberg (1978; 1987) and Quinn (1978), argue that the rational decision-making models to strategy development have limitations when applied in complex organizational

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situations where strategies are often the outcome of experiences, culture and 'taken-for-granted assumptions' (Johnson et al. 2006, p. 45). Moreover, Mintzberg and Waters (1985) argue that an emergent PS could stimulate organizational learning and paves the way for more deliberate approaches to strategy development. The case studies have shown that COs have begun to organize their processes gained from past experiences around a more structured approach within their corporate planning process.

- Zinedin and Bredenlow (2001) suggest that the process of developing PS in VNPOs is complex, iterative and requires deliberate and proactive commitment from the organization's management on resources to deliver its positioning goals. They argue that whilst PS does evolve over time, the initial choice of the organization's strategic position, which should reflect its mission, will constrain future change in its positioning activities. This present study provides some support for this argument but also offers a new perspective in explaining this phenomenon in the charitable context. It was reported in Chapter 6, sub-section 6.5.3 that the strategic position of the four case studies demonstrated resilience to change despite changes in the positioning dimensions over time. This was because the charity mission and core values of the COs drove the creation of their strategic positions since their inception. However, they have adapted to opportunities/threats in the external operating environment by restructuring their structures, operations and resource support. From their perspectives, these changes did not represent deviations from their core PS or mission. As it will be discussed later in sub-section 7.5.1, the charity mission is a fundamental influence on PS in COs by explicitly or implicitly imposing the charity's core PS and key target users/beneficiaries, but not necessarily constraining the choice of its positioning dimensions.

7.4 What are the key factors that influence the choice of positioning strategy in charitable organizations?

This second main research question will be answered in two parts: factors common across the survey and case studies; and factors not commonly cited across these stages. Table 7.1 summarises the factors that were most frequently cited by respondents in the exploratory postal survey [shown in Table 5.16] and those that have emerged from the case studies [shown in Table 6.14]. Some factors were similar to those suggested in the initial organizing conceptual framework drawn up from the literature review in Figure 2.2 in Chapter 2. Other factors became more evident as this study's empirical investigation proceeded. Several factors are common in both the survey and in all the case studies. However, there are other factors that were specific to either some or only one of the case studies. The differentiation between these two groups of factors is crucial for building the theoretical model because it enables those factors that could be generalised across COs to be depicted in the model, whilst recognising the possibility of other factors contingent on different organizational or sub-sectoral conditions. These two groups of factors are presented in sub-sections 7.4.1 and 7.4.2, and discussed in sub-section 7.5 where the theoretical model is unveiled.

Table 7.1: Summary of key factors influencing positioning strategy in GWSC charitable organizations

Key Factors influencing Positioning Strategy	Mean Frequency of factor cited by postal survey respondents (N=51)	Mean Frequency of factor cited by interviewees in case studies (a) (n =4)
Governmental Influence *(funder, policy maker, legitimizer)*	16% (b)	85% *
External Environmental Factors *(other than government/political e.g. shifts in social-demography, economic, technology, international developments, media influence)*	67% (c)	59% *
Needs of Users/Beneficiaries	78%	41% *
Mission of the Charity	82%	38% *
Organizational Resources *(include availability of funds, skills and capabilities)*	69%	68% **
Competition *(other than statutory)*	37% (d)	60% **
Trustees/Chief Executive of the organization	38%	40% **
Organization size *(number of branch offices, number of staff, total income and assets)*	NA (e)	*Factors particular to some cases*
Needs of Donors *(non-statutory)*	53%	*Factors particular to some cases*
Needs of Volunteers	10%	*Factors particular to one case*
Organizational Culture	31%	*Factors particular to one case*
One of more non-governmental funding organization(s)	8%	*Factor not cited in all cases*

Notes to Table 7.1:
(a) Factors in the case studies were further differentiated between those that influenced the core positioning strategy (cells with *) and those that influenced the positioning dimensions of the strategy (cells with **). The survey did not make this distinction.
(b) Governmental influence was cited in the postal survey as from its role as funder only. The case studies identified other influences from government as policy maker and legitimizer of the charities' work and their expertise.
(c) External Environmental Factors included political dimension in the postal survey.
(d) Competition in the postal survey included other charities, VNPOs other than charities, and private sector organizations.
(e) Organizational size was not cited in the postal survey but cited in three of the four case studies.

7.4.1 Factors common across survey and case studies

Table 7.1 shows seven factors that were cited in both the survey and by interviewees in all the four case studies. Viewed together, they could imply strength of concurrence for these factors by COs in the GWSC sub-sectors. The commonly cited factors were:

governmental influence; external environmental factors [other than government/political dimension]; needs of users/beneficiaries; mission of the charity; organizational resources; competition and influence of Trustees/Chief Executive. It must be reminded that factors revealed in the case studies were further differentiated between those that influenced the core PS and those that influenced the positioning dimensions of the strategy. The survey did not make this distinction because it was primarily exploratory in nature and aimed to provide only an initial broad picture of the SP activities in COs.

Some of the emerging factors were similar to those depicted in the initial organizing conceptual framework [see Figure 2.2 in Chapter 2], such as external environmental factors, mission, organizational resources and competition. Other factors were not as explicitly distinctive, such as needs of users/beneficiaries and donors/funders and influence of the Board of Trustees/Chief Executive. This apparent difference can be explained conceptually and methodologically. The initial framework had depicted key primary stakeholders as those without whose continuing participation the charity cannot survive (Clarkson 1995), and who possess the power and legitimacy to influence organizational behaviour by virtue of their resource dependent relationships with the CO (Mitchell et al. 1997). Within this definition, key primary stakeholders in the initial framework broadly included external and internal stakeholders, such as dominant funders, volunteers who provided critical resources to the charity or an influential trustee/Chief Executive. In the case studies, certain stakeholders emerged as exerting significant influences on the CO's PS, and consequently were differentiated as distinct factors in their own right.

Of particular interest was governmental influence. Government was cited in the postal survey as emanating from its role only as a funder of the COs' activities. The in-depth investigations from the case studies have enabled other perceived influences from government to emerge, such as the COs' policy maker and legitimizer of their quality of work and expertise. As reported in Chapter 6, governmental influence had affected the

case study organizations' core PSs and their positioning dimensions in different ways depending on the perceived roles that it played in each CO. The other significant difference was the emergence of the 'users/beneficiaries' as a distinct influencing factor for PS in charities, which was not explicitly evident at the conceptualization stage of this study.

7.4.2 Factors not common across survey and case studies

Table 7.1 shows four factors that were cited in the postal survey but were only mentioned by interviewees in some/one of the case studies. These are: needs of donors and volunteers, organizational culture and influence of dominant non-governmental funder[s]. In addition, organizational size was mentioned in three of the four case studies but was not uncovered in the survey. It was suggested in Chapter 6, sub-section 6.5.5.3 that the possible reason for these variations was due to different funding patterns and organizational size.

It was reported in Chapter 5, sub-section 5.7 that the 10% of survey respondents who cited volunteers as an influencing factor were from COs that relied heavily on voluntary income [e.g. at least 90% of their total annual income]. These survey respondents had also cited needs of donors as another influencing factor. These findings were corroborated with findings from the case studies. Rescue Service was the largest among the four case study organizations in terms of organizational size, and depended on volunteers to deliver over 95% of its emergency sea rescue services. At the same time, it was also heavily reliant on volunteers to raise over 90% of its income from voluntary sources. In contrast, the other three case study organizations were less reliant on volunteers in either their service delivery or fundraising activities, which were performed by a relatively higher proportion of paid staff. In terms of influence of donors, Drugs Care was the only case study organization that was reliant on statutory funding [contracts and grants] for over 95% of its total income. These occurrences in different COs reaffirm that contextual differences and the degree of resource

dependency help to explain variations in factors influencing PS in charities (Pfeffer and Salancik 1978).

In summary, the combined empirical evidence from the postal survey and the case studies have provided a clearer picture of the various factors that influenced the PS of charities from their experiences compared to those depicted in the initial organizing framework drawn up in the conceptualisation stage of the study. The next section presents the theoretical model and discusses in more detail the emerging factors that influence PS in the charity context.

7.5 Towards a theoretical model of factors influencing positioning strategy in charitable organizations

Figure 7.1 presents the theoretical model that integrates the multi-dimensional factors that have emerged from the empirical findings discussed in sub-sections 7.4 above. It identifies three groups of factors that could influence the PSs of COs: internal organizational factors, external environmental factors and mediating factors. This section reviews the factors depicted in the model and offers plausible explanations as to their significance.

7.5.1 Internal organizational factors

Three potential organizational influences on PS are depicted in the model: the charity's mission, organization-wide or corporate plan, and organizational resources.

- *Mission*

Mission is identified in Chapter 2 and 3 as the fundamental purpose of a CO - what the organization exists for and what it does (Hudson 2002). From a strategic management perspective, mission helps direct organizational efforts and resources to achieve its ideal view of the world: its vision and purpose (Zineldin and Bredenlow 2001). Frumkin and Kim (2001) suggest that positioning around

the charity's mission could be a unique way for COs to differentiate themselves in a competitive fundraising environment. This study found that the charity's mission plays a crucial role in the CO's SP as it acts as both a major positioning differentiator and a primary influencer in the choice of PS. Mission could guide or constrain PS choices in the CO by establishing its strategic intent, determining its primary target audience and the scope of its operations. It provides the key direction for the CO's core PS, identifies its primary target audience [users/beneficiaries], and guides the development of its positioning dimensions [resources and core competences] to differentiate the organization from other charities/providers. The two quotations below reflect the contrasting perceptions of interviewees in which their CO's mission have influenced its strategic position.

"Our charity's mission: what the charity stands for and what it aims to do – is the lynch pin to its positioning. If somebody asks what our organization stand for and what we do, I will read to them our mission statement." (Marketing and Public Relations Manager, Community Care)

"The charity's mission is quite narrowly defined in terms of the type of service the charity provides, its target users and partner hospitals which are limited to teaching paediatric hospitals. In the longer term is the charity fulfilling a need when its role no longer exists due to changes in government policies and social needs? The charity's strategic position would be changed then because its mission would need to change in response to those external influences." (Chairman, Children Homes)

Moreover, COs have a much stronger sense of mission than their counterparts in the private and public sectors (Hudson 2002). Two explanations are offered to support this proposition. First, charitable purpose is explicitly required by charity laws[1] in the UK to conform to specified categories, and to demonstrate 'public benefit' (Charity Commission 2004b; 2005a).

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[1] Also see Chapter 3, sub-section 3.2 for a review of the charity laws in the UK.

Figure 7.1: Integrating model of factors influencing positioning strategy in charitable organizations

Governmental Influence
* Role as Policy Maker
* Role as Funder & Provider of Public Service Contracts
* Role as Legitimizer

Other External Environmental Factors
* Shifts in Social-Demographic trends
* Economic uncertainty
* Technological advances in service delivery

Competitor Influence
* Presence of Competition
* Intensity of Competition
  - funding (statutory & voluntary)
  - needs/demands for public services

THE CHARITY ORGANIZATION

Charity Mission/Purpose

Corporate Strategy
(long term plan)

POSITIONING STRATEGY
*Core Positioning
*Target Audiences
* Positioning Dimensions

Distinctive Competences

Key Strengths

Resources

Mediating Factors

Critical Trigger Event

Internal Stakeholders
* Power and Influence of Board of Trustees
* Influence of Chief Executive

External Stakeholders
* Influence of dominant funders
* Influence of volunteers

Marketing and other Functional Strategies

Communicate strategic position to external audiences

Strategic Relationships between the charitable organization, other charities/VNPOs and the public and private sector organizations

Direct influence

Indirect influence

Source: This Author

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This means that charities registered in the UK must serve either the community as a whole, or a sufficient section of it. They are legally prohibited from distributing surplus generated from their activities, which must be re-invested to further their mission or cause.

Second, the missions of some COs are implicit because they are part of the accepted values and ethos of people working in these organizations (Hudson 2002, p. 100). These two levels of shared values [the charitable sector ethos, which explicitly specifies how COs should behave towards various stakeholders and the organizational ethos implicit to the individual CO] combine to make the charity mission a potent influence on its SP activities as suggested in this study. In contrast to commercial [for-profit] organizations, the charitable status of a CO requires substantive and often intangible mission, which is more resistant to change without damaging its purpose for existence (Leat 1995a). The findings from the case studies support this assertion. The generic or core PSs of the COs, which reflected their mission, remained fundamentally unchanged over time. They have however adapted to external environmental changes in their respective ways by restructuring their operations and developing different resources support in order to remain relevant to their causes, as reflected in the quotation below.

"The strategic position of the charity has not changed – the purpose and core values of the organization today are the same when it was set up 180 years ago. How the charity provides the services has changed for us to remain relevant to changing times." (Regional Manager, Rescue Service)

- *Organization-wide corporate plan*

The charity's corporate plan could shape the process of SP. This study finds that a CO's PS was more likely to emerge from the organization-wide or corporate planning process than develop separately or as part of a conscious and deliberate SMP process as advocated for non-profit organizations in the extant marketing

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literature. The COs in the case studies have dedicated marketing function within their organizations. However, marketing played a mainly operational role in the SP process. It was tasked to communicate the charity's positioning messages to various audiences once these had been defined by senior management and approved by the Board of Trustees. Changes to the CO's corporate plan or strategy could affect the strategic direction of the organization, e.g. its scope of operations, geographic location, primary target audiences [users/beneficiaries]. This would necessitate a shift in the charity's PS, in particular, its positioning dimensions to support these changes.

This phenomenon is reflected in the case of Rescue Service when it decided to expand its core services into beach lifeguarding in an effort to reach new and younger audiences. The change in direction in its corporate strategy had compelled the CO to compete with other charities/VNPOs and private sector organizations for local government contracts, and to employ paid lifeguards to deliver the service. These new developments were alien to the CO. It had traditionally depended on volunteers to deliver its sea rescue services and contribute to its fundraising efforts.

In a similar vein, a change in government policy had provided strategic opportunities for Community Care to manage an increasing number of grant projects for local government agencies under its revised corporate plan. There were increasing efforts by its senior management to 'professionalise' the charity's approach to delivering services, evidenced in improving service quality standards, providing customized training for staff, and establishing performance targets. These impositions had been partly necessitated by service requirements of the contracts that it delivered for government.

These two examples illuminated the COs' efforts to realign their resources and distinctive competences [positioning dimensions] in order to support the new strategic direction as mandated by a change in their corporate plan.

- *Organizational resources*

As it was reviewed in Chapter 2, organizational resources include the financial, physical, human assets and capabilities that an organization have acquired or built over time and that managers have access to develop the organization's distinctive advantage (Wernerfelt 1989; Fahy 2000). Several authors advocating the RBV perspective of creating positional advantage, such as Grant (1991) Barney (1991) and Hall (1993), differentiate between assets and capabilities of an organization. Together they provide the foundation for the organization's distinctive or core competences (Hofer and Schendel 1978; Prahalad and Hamel 1990). Some scholars have also classified organizational culture as a key resource and "strategic asset" because it is difficult to imitate (Reed and DeFillippi 1990; Amit and Schoemaker 1993), it takes time, skill and capital to develop (Dierickx and Cool 1989), and investments made to it would be irreversible (Peteraf 1993). It sets the internal context within which strategic decisions are made (Webster 1994).

Hooley et al. (1998a; 2001) suggest that marketing resources and capabilities play key roles in establishing competitive advantage of commercial [for-profit] organizations in the marketplace. However, for COs that are arguably more dependent on external parties for resources, especially funding, than their commercial [for-profit] counterparts, developing capabilities such as a strong culture, mission and core values, and organizational leadership is arguable crucial for them to sustain their strategic positions over time.

7.5.2 External environmental factors

These factors comprise of a complex set of external environmental influences external to the organization that are not within the direct control of its management but could influence its strategies unexpectedly (Learned et al. 1969; Andrews 1980; Johnson et al. 2006). On the basis of this research, three external factors that could influence the PS of

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COs are identified: governmental influence, other external environmental factors, and competitor factor.

- ### *Governmental influence*

Governmental influence was the most significant factor that had emerged from the case studies. However, this study had uncovered a complex set of dependencies and influences. It was highlighted in Chapter 6 and sub-section 7.2 in this chapter that the degree of governmental influence on the CO's SP differed depending on the perceived role that government played in the relationship with the charity [e.g. as funder, policy maker or legitimizer]. It would also depend on the nature of the services provided by the charity, the extent to which its organizational leaders engaged with government as a partner in delivery of public services, and its actions taken to maintain independence and strategic autonomy (Chew 2006b).

Although the COs in this study received statutory income in varying degrees, they perceived government to be less of a direct competitor for organizational resources, whether or not they had received statutory grants or contract fees. Rather, governmental influence was perceived to stem more from its role as their policy maker and legitimizer for the work they perform, as reported in Chapter 6.

> *"Government does not influence the charity's core positioning directly, but only operational issues e.g. funding through local authorities for beach lifeguarding services, legitimizing the charity's role for this public service, and statutory requirements for search and rescue training qualifications that it provides to its crew and volunteers."* (Beach Lifeguarding Officer, Rescue Service)

> *"As a voluntary non-profit organization that handles large volumes of government contracts, this gives a high degree of legitimacy about the capability of our organization in what it does.'* (Development Director, Drugs Care)

One possible explanation for this situation is that the COs in this study were primarily engaged in actual delivery of their services to users/beneficiaries.

Advocacy or campaigning activities were less of a priority in their mission, unlike other charities with those activities as the primary purpose for their existence. Another reason could be the strategic choices that the case study organizational leaders had taken to ensure that their relationship with resource providers were less adversarial, but more co-operative/collaborative [also see discussion on mediating factors in sub-section 7.5.3 below]. Although these COs perceived varying degrees of competitive intensity for service contracts and funding in their sub-sectors, they have chosen to position themselves in often less confrontational strategic positions (Wilson 1994). The resource dependency of these COs on external parties, including government, made it imperative for them to build long-term relationships with resource providers, including central and local governments to enable them to pursue their mission of providing services to their target audiences (Chew 2005).

The COs' particular relationship with central and local government agencies perhaps reflects the evolution of the UK government's policy of partnership with and contracting of public services delivery to COs over the past decade. This development was augmented by the 'Compact' (1998)[2] that sets out the formal framework for partnership working between the UK government and VNPOs/COs (Home Office 1998; NCVO 2005b). Of particular significance was the establishment of 'Codes of Good Practice' for funding and procurement for statutory (national and local) contracts and grants as undertakings for both sides. Proposals to strengthen the 'Compact' governing formal relations between the government at all levels and the voluntary sector in both policy design, codes of practice and public service delivery signalled the commitment of both parties to develop strategic relationships (Osborne 2002; Osborne and McLaughlin 2004).

NCVO (2004a) observes that COs are becoming increasingly dependent on contract income from statutory sources as the government expands the role of the voluntary

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[2] Also see Chapter 3 sub-section 3.3.1 about the 'Compact'.

sector in the delivery of public services. As a consequence, a major concern voiced by researchers and industry observers (Pharoah 2003; NCVO 2004b; Alcock et al. 2004) is the potential influence of government as an increasingly dominant contract provider on COs' strategic choices and independence as part of the wider voluntary sector. In SP terms, this could result in COs positioning their target audiences or services to accommodate the requirements dictated by the funding contracts, rather than positioning around their charitable mission (Leat 1995b, p. 114). McLaughlin (2004) suggests that the 2002 Treasury's 'Cross Cutting Review' on the role of the UK voluntary sector offers, she argues, an opportunity for COs to rethink their strategic position within this changing policy context even while it poses a threat to the sector's distinctive competences. In such a climate, strategic relationships between central and local statutory organizations and those COs that deliver key public services could have instigated an increasing trend for the future (Chew 2006b).

The COs in this study were able to differentiate between governmental influence on their strategic choices and operational ones. Those COs that had relied heavily on statutory funding and service contracts (e.g. Drugs Care and Community Care) had to contend with operational effects from governmental influence as their increasingly dominant funder, such as the difficulty of raising funds from voluntary sources. This concern was raised elsewhere (Leat 1995b; Pharoah 2003). Despite these complexities, this study has revealed that as long as COs remained focused on their mission, they were able to work with various central/local government agencies as partners despite their funding and public service contract dependencies. This echoes the point discussed earlier in sub-section 7.5.1 about the charity's mission as a major influence on the strategic position of COs. This point will be revisited below in sub-section 7.6.1.

- *External environmental influences*

These comprise of environmental factors [other than governmental influence] external to the organization, outside the direct control of its management, such as

economic conditions, technological changes, and demographic changes. Pfeffer and Salancik (1978) argue that the concept of external environment of the organization is elusive. It can be conceived widely or narrowly, depending on managers' perceptions of how the various elements in the environment could affect the organization. The findings from both the survey and case studies provide empirical evidence that the external operating environment of COs in the UK is increasingly challenging and competitive, in particular, in the arena of fundraising both for voluntary income and statutory funding. They support other research that found similar conclusions (e.g. Sargeant 1995; Hibbert 1995; Balabanis et al. 1997).

It was revealed in this study's case studies that critical trends in the external operating environment, besides governmental influences, provided opportunities or impeded the strategic directions and SP of the charity depending on how the COs' leaders/managers perceived these influences. According to Pfeffer and Salancik (1978, p. 12) not all elements in the organization's operating environment have an impact on it because it is 'buffered' from some of the elements or that not all environmental occurrences are perceived by managers as demanding a strategic response. This phenomenon is reflected in this study where different COs considered the impact of different elements of the external environment in different ways.

For instance, social and demographic changes such as an ageing and increasingly pluralistic population, shifts in demographics of service users and funders, and how their needs will change in the future, were the most frequently cited environmental influence in all the case studies. On the other hand, changes in the national and international economic environments [recessionary or growth trends] and technological changes that had availed cost-effective electronic/internet capabilities for fundraising and service delivery (Bruce 1998; Hudson 2002) had affected only those COs that relied heavily on voluntary income. In all the case studies, the influence of different environmental conditions had affected the COs' positioning dimensions more significantly than their core PSs. The positioning dimensions were

reviewed in light of shifts in the COs' corporate strategy as they adapted to changes in different environmental conditions.

- *Competitor Influence*

The findings from the survey and case studies have provided empirical evidence that COs in the UK perceive increasing competition for both funding and other critical organizational resources. The main competitors were other charities and VNPOs, and to a lesser degree from commercial [for-profit] and statutory organizations. Saxon-Harrold (1990) finds that competitive intensity for financial resources is arguably high among charities where there exist greater degrees of similarity of goals and activities between them. As reviewed in Chapter 3, this scenario is increasingly evident in many UK charity sub-sectors, where a number of COs often serve the same cause, offer similar types of services [e.g. general welfare for children or care for elderly persons] or operate in the same geographical or user segments. CAF (2003) reports that among the top 500 British fundraising charities in 2002, 23% of them were in the GWSC sub-sectors. Among these GWSC charities nearly 25% of them target the children and young people welfare services sub-sector alone.

However, the drivers of competition could vary depending on the nature of services the COs provide and their historical orientations. For instance, this study found that some COs that derived a high proportion of their income from statutory [central or local] funding e.g. Drugs Care and Community Care, had to compete with other COs/VNPOs and private sector operators for both statutory funding and government service contracts. More crucially, they competed for both legitimacy and attention from government funders (Chew 2006b). In contrast, other COs [e.g. Children Homes and Rescue Service] that depended less on statutory funding, but more on voluntary sources of income, such as individual donations and corporate sponsorships, were challenged by an increasingly discerning general public and media.

Saxon-Harrold (1990) argues that competitive forces and resource dependency on external parties have significant impact on the strategic choices of COs. This study has found support for that assertion in terms of the SP of COs. Furthermore, it was shown in Chapters 3 and 4, the number of registered charities in Britain has continued to rise over the past decade. This has resulted in increased pressures on COs in their search for new and continuing funding and other resources in pursuance of their mission/purpose.

7.5.3 Mediating Factors

The theoretical model suggests that the external environmental factors described above may not necessarily influence the CO's PS directly. The direct effects of these external forces on the CO's PS could be mediated by other factors, which amplify or reduce their impact. Mediators are conceptualized in this model as those factors or variables that intervene between stimuli and response (Baron and Kenny 1986). This model suggests that an external antecedent (stimuli) may indirectly affect the response [choice of or change in a particular PS] through the mediating factor (James and Brett 1984). Two main groups of mediating factors are identified: influential stakeholders, and critical 'trigger' events.

[1] *Influential Stakeholders*

As it was reviewed in Chapter 2, the literature provides various definitions of a stakeholder depending on how broad or narrow the impact of its relationship on the organization. Freeman (1984, p. 46) defines a stakeholder as those groups that are vital to the survival and success of the organization. Bryson (1999, p. 5), on the other hand, provides a broader definition of a stakeholder as "any person, group or organization that can place a claim on the organization's attention, resources or outputs, or is affected by that output". Additionally, stakeholders have been identified based on their power and legitimacy over the behaviour of the organization (Mitchell et al. 1997). Stakeholders can be external or internal to the organization. Several authors have suggested that the number and type of stakeholders of a CO are greater and more varied compared to for-

profit organizations (Bryson 1995). Their degree of influence would vary depending on the charity's sources of income and legitimacy, as well as their power, visibility and vocality (Leat 1995a).

It has been discussed in sub-section 7.4 that influential stakeholders in this study were conceived as those groups or organizations who possess the power and legitimacy to influence the organization's behaviour by virtue of their resource dependent relationships with it (Mitchell et al.1997), and/or without whose continuing participation the CO cannot survive (Clarkson 1995). In this theoretical model, influential stakeholders are categorized into internal and external stakeholders, which could mediate the impact of specific external environment forces on the choice of PS in charities. They are discussed below.

- ***Internal Influential Stakeholder [key decision maker]***

    Depending on their degree of involvement in the CO, the Board of Trustees and its Chief Executive were found to play important roles in shaping the charity's PS in this study. Among the distinguishing features of a CO are its entirely non-executive and voluntary composition of its governing Board of Trustees and the unique relationship between the trustees and the Chief Executive (Leat 1995a). Hudson (2002) argues that there are overlapping responsibilities between the governance responsibilities of a CO's trustees and the management responsibilities of its Chief Executive. For instance, the case studies revealed that in relatively 'younger' and smaller COs [e.g. Children Homes], there was a tendency for the trustees to be more actively involved in the planning and management activities of the charity. On the other hand, in larger and more established COs [e.g. Rescue Service and Drugs Care], the Chief Executive played a more dominant role in decisions about the charity's corporate plans/strategies.

    Leat (1995a) argues that the roles of the Chair of the Board of Trustees and the Chief Executive are more important in a CO than in a commercial [for-profit]

organization. Together, they decide on changes to the charity's mission, corporate plans and strategies. This phenomenon is supported by Pfeffer and Salancik's (1978, p. 20) assertion that managers, as key decision makers of an organization, can facilitate or alter its adjustment to different environmental influences. The quotations below highlight the different perspectives of these two internal stakeholders' influence on the charity's strategic position.

"Since 2001, the Board of Trustees has been increasingly involved in planning, developing and reviewing the strategic directions of the charity. A change in that direction could affect the way the charity positions itself. For example, if the corporate strategy decides that the charity begins to provide day accommodation only, this will influence where our competition is, our strengths and weaknesses, and consequently where our positioning lies." (Chief Executive, Children Homes)

"Strong leadership in the charity shapes the corporate culture. A leadership change, especially a new Chief Executive, will affect the types of corporate strategies pursued, and could affect the charity's positioning. Our current CE is very mission-orientated." (Head of Fundraising, Drugs Care)

The case studies have also demonstrated that strong organizational leadership often initiated more formalised processes for their SP activities, and lead their organizational strategic reviews. They decided the CO's strategic directions and how resources were acquired, developed and allocated to support these initiatives. As revealed in the case studies, they were particular influential in decisions about the changes to the CO's SP when they are knowledgeable in business and management approaches, or are supportive of their applications in the CO's operations.

On the other hand, the CO's positioning focus could be restricted because of the strategic choices made based on their leaders' preference and interest (Andreasen et al. 2005). COs tend not to consider alternative positioning nor try to learn whether their target audiences perceive their position the same as the

organization does because of their mission-driven activities (ibid, p. 63). This study has not found adequate evidence to either support or disagree with this assertion. But, from the various organizational documents about the COs' corporate strategies and communications activities, the case study organizations did attempt to monitor their key target audiences' [users/beneficiaries and donors/supporters] perceptions of their strategic position, in particular, the quality of their services and changing needs of users/beneficiaries. This is supported by the survey findings in the SMP scale [see Chapter 5, Figure 5.2], where market research on users and donors was evident, albeit not undertaken as extensively as the other SMP activities.

- *External influential stakeholder [resource dependency]*

It was suggested above that resource dependency on external parties has significant impact on the strategic choices of organizations (Pfeffer and Salancik 1978) and COs in particular (Saxon-Harrold 1990). The extent of influence would depend, in part, on the degree to which the CO is dependent on resources, especially funding, from these stakeholders. In terms of SP, this study found that certain external stakeholders to whom the CO depended for critical resources could have the power to directly influence its strategic decisions and actions. Two groups of external stakeholders stand out in the findings: government agencies that provide financial resources [e.g. grants and public services contracts], and volunteers who provide essential services to the CO. Each are reviewed below:

- *Government funding agencies.* It was suggested earlier that government is regarded by COs as an increasingly influential external stakeholder because of its role as their funder [grants and contract income], policy maker, and legitimizer for its operations/services provided to users/beneficiaries. Many COs are dependent on substantial financial support from central and local government. NCVO (2004b) reports that 37% of the total annual income of general charities came from statutory sources [grants and contract income] in 2001-02, compared

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to 27% a decade ago. Government grants contributed 42% of the top 500 fundraising charities' annual new income in 2001-02, with central government giving three times as much in grants compared to local authorities (CAF 2003). These trends perhaps reflect recent UK government initiatives aimed at engaging COs to deliver more public services. This has been done by providing what is proclaimed to be a more enabling political environment and by increasing statutory funding for public services delivery (HM Treasury 2002; Strategic Unit 2002).

The degree of financial dependency by COs on government funding, however, appeared to be sub-sectoral specific. For instance, the top 500 charities in the social care sub-sector received the highest proportion of total annual income [30%] from government grants and contract fees in 2002-03 (CAF 2004). The growth of these charities appeared to be significantly linked to government policy on development of social care, both at the national and local levels. On the other hand, charities operating in the international and environment sub-sectors tended to rely more on individual donations. They received 56% and 43% respectively from this voluntary source of income over the same period (CAF 2004).

Governmental influence would also depend, in part, on the extent to which the organization's leaders decide to engage with government as a partner or act to maintain their CO's independence and autonomy. Leat (1995b) argues that the increasing trend of COs delivering public services under contracts from government does not necessarily imply that they are becoming more dependent on this source of funding. On the contrary, it could suggest that they are becoming more 'savvy' in their understanding and adoption of strategic management to secure resources in response to changing demands for their services, and at the same time, maintaining credibility and legitimacy (ibid. p. 161).

- *Volunteers.* Volunteers play different roles in COs/VNPOs. Osborne (1998. p. 16) argues that the defining characteristic of VNPOs is the 'voluntary value' that they hold. For charities, this means that they should show some form of 'public benefit', such as participation of volunteers in service delivery, fundraising or distinct management of the organization. However. the case studies in this present research revealed that the extent to which volunteers influence the CO's PS would arguably depend on the value the CO places on its volunteer ethos and how critically dependent it is on volunteers' services.

For instance, Rescue Care had relied on volunteers to operate over 95% of its emergency sea rescue services and fundraising activities since its inception 180 years ago. It had arguably developed a heavy reliance on this resource. However. it regarded volunteers as more than an economic resource. Strong volunteer ethos was part of its mission statement and core values. This ethos had, in part, shaped the CO's strategic position by differentiating it from other charities/private sector organizations providing similar services. This resonates with Alcock's (2003, p. 163) perception of volunteers as the most important and often the 'sole' resource of community based organizations and charities in the UK

"The volunteer ethos is part of the charity's core positioning. Without the volunteers we will not be who are, and without them this will affect our strategic position and the way we communicate it to our donors/supporters." (Information and Research Manager, Rescue Service)

In contrast, Drugs Care had increasingly relied on paid staff to deliver its drug treatment services over time. This decision was part of its corporate strategy to take advantage of the Labour Government's policy to increase funding and programmes for treatment of drug misuse in the country. In order to support the change in its corporate strategy, the CO's organizational structure and operations have evolved from being primarily reliant on volunteers to delivering its services, to one that was becoming increasingly 'professional' and staffed by paid personnel. However, there was little evidence in this study to suggest that

paid staff were more or less committed to the charity's mission compared to volunteers.

"Our strategic position has changed structurally and operationally over the years. Overall, the organization is more sophisticated and professional today with more paid staff dealing with different aspects of treatment services, and less dependent on volunteers like in the early years when it was more of a membership association charity." (Development Director, Drugs Care)

[2] Critical 'trigger' events

Changes to a CO's PS may also be 'triggered' by external or internal events that happen unexpectedly, over which its management has little or no control. This study has revealed that changes in positioning activity in the CO can be triggered by these unanticipated events, such as a change of organizational leadership, shifts in governmental policy or changes on provision of public services, and other specific external environmental changes.

Quinn (1978, p. 9) terms such events as 'precipitating events', which could cause the organization to respond with urgent, piecemeal and interim decisions that inexorably shape its future strategic position. As it was described in Chapter 6, this phenomenon was particularly prevalent in the four case studies over the past decade. For instance, sudden changes in the external operating environment had affected the COs' core services and financial resources in different ways. The UK economic downturn during the late 1990s and into the new millennium had resulted in declining investment returns of major donors, such as large corporations (CAF 2003). Voluntary and legacy income declined, in particular, for Rescue Care and Children Homes. These COs had relied on voluntary income for over 90% of their income.

Competition for government contracts for specific types of public services increased as more charities vie for this source of income to compensate for the loss of voluntary income. This was evident in Community Care and Drugs Care, who were dependent on statutory income for over 50% of their income. These events had 'triggered' a review of

the strategic position of these organizations by their senior management. Moreover, a leadership change in the CO, such as the arrival of a new Chairman of the Board of Trustees or a new Chief Executive who brought strategic management thinking into the organization's planning approach, had triggered a change in its positioning activities or in initiating the process of positioning itself. This situation was found to occur in the case study organizations, such as in Children Homes and Rescue Care.

In summary, this section has offered a theoretical model that was shaped from empirical research in this study. It is argued here that the model and its constituents are better able to explain the factors influencing PS in the charity context. The model integrates the factors that were drawn up from the conceptualisation stage of this study and further shapes these from emerging findings from the empirical stages [survey and case studies]. The next section explains the underlying premises that support this model for the charity context.

7.6   Major premises underpinning the theoretical model

It is important to justify the relevance of this model for the charitable context. This section offers four main underlying premises of the theoretical model and discusses their relevance to COs.

7.6.1   Interaction of external and internal factors and theoretical perspectives

First, this study has shown that a complex combination of external and internal factors influence the PSs in COs. The theoretical model integrates the factors that have a high degree of concurrence with interviewees in the case studies, and that were supported by findings from the exploratory postal survey. These factors were drawn from multiple theoretical perspectives as reviewed in Chapter 2. The empirical findings in this study support the assertion by other researchers (e.g. Henderson and Mitchell 1997; Fahy 2000) that no one particular theoretical perspective can adequately explain all influences on strategy development and choices.

Hooley et al. (1998a, 2001) argue that both the external industry/market orientation perspective, and internal organizational/resource-based perspective are necessary for effective development and implementation of a PS in commercial [for-profit] organizations. The findings in this study lend broad support to these two perspectives in so far as to enable this study to differentiate between influencing factors that are external and internal to the organization. However, this thesis argues that a third perspective, namely, the stakeholder/resource dependence perspective, is equally, if not more relevant in explaining other factors that could influence PS in COs. It has been shown that certain external and internal influential stakeholders of the CO could impose their influence on its strategic position in different ways. This model therefore offers a new perspective in understanding the interaction of various influencing factors on PS in the charitable context that stem from different theoretical lenses.

7.6.2 Distinctiveness of the theoretical model for charitable organizations

Second, the preceding sections of this chapter have shown that the theoretical model depicts specific factors that are considered to be unique to COs compared to commercial [for-profit] organizations. Wilson (1994) argues that strategy in COs is more likely to be influenced by a combination of factors, and suggests that variations in these organizations stem from their contextual differences rather than the homogeneity that specific theoretical perspectives suggest. It is argued here that the variations in the factors in the charitable context compared to those prescribed in the commercial strategy/marketing literature stem from fundamentally three distinct differences: positioning goals, the process of developing PS, and the role of marketing in SP. These are discussed below:

[1]   *Positioning goals*

The motivations for PS in the COs in this study were multiple and differed from the often singular purpose of gaining competitive advantage attributed to commercial [for-profit] organizations. The literature suggests that PS is a key outcome of the SMP process in a non-profit organization in general (Lovelock and Weinberg 1989;

Andreasen and Kotler 2003). This assertion is based on the premise that positioning is used for mainly competitive reasons commonly associated with for-profit organizations (Porter 1985; Webster 1992; Hooley et al. 2001). However, this study has revealed that the primary goal for COs in adopting a particular PS is often not for deliberate competitive reasons but consists of a complex combination of competitive and co-operative/collaborative motives.

Although there are different schools of thought on the notion of COs/VNPOs adopting competitive strategies (e.g. Saxon-Harrold 1990; Herman 1994; Hibbert 1995; Balabanis et al. 1997; Courtney 2002), this study found little evidence to suggest that PSs of COs were created or pursued for a purely competitive motive. Whilst it may be difficult to achieve extremes in either perfect competitive strategies or truly collaborative ones in COs/VNPOs compared to their commercial counterparts (Wilson 1994, p.77), this research argues that in terms of SP, there is a tendency for COs to strive towards co-operative/collaborative motives because of their inherent mission for existence and their legal obligations towards their charitable purposes.

> *"Increase in competition from other charities for non-government funding won't be a major influence on our mission and strategic position. If someone out there is able to offer their services better than we can, we are not going to be out of the drug treatment service, we're going to still want to provide that service because of our mission." (Head of Fundraising, Drugs Care)*

The quotation above reflects the general perceptions of COs in this study about their charity's fundamental purpose for existence, that is, to exist for their 'cause'. They strived to pursue their causes using various strategies. They have adapted to changing environmental conditions, which included positioning themselves in *niches* to avoid competition (Mintzberg 1987), or by co-operating with other parties, even 'would-be competitors' in pursuit of their mission (Astley and Fombrun 1983, cited in Mintzberg 1987, p. 15).

Moreover, the heterogeneity of potential influences from multiple stakeholders on COs could preclude their adopting generic competitive strategies. Wilson (1994) argues that the particular institutional and policy contexts of British COs warrant a more co-operative/collaborative strategic approach in working with other organizations in the voluntary, public and private sectors. This phenomenon is mirrored in the various comments by interviewees from the case studies, which suggest that COs do indeed co-operate with other organizations that are considered their competitors in pursuance of their mission.

> *"We are in direct competition with two other non-profit organizations – Royal Life Saving Society and the Surf Lifesaving Association. Despite this, at the corporate level, we have a co-operative partnership with them, for example agreement for them to provide volunteer beach lifeguards on busy weekends and during holidays under our umbrella."* (Beach Lifeguarding Officer, Rescue Service)

> *"Another foundation that specializes in giving large grants to community groups in this region is our competitor. But we also work in partnership with them. If there is a piece of research on an issue, we might fund it in partnership with them. So, this works both ways for us. If people come to us for large sums of grants we point to their direction and in the same way when they get small grant applications they refer these to us."* (Marketing and Public Relations Manager, Community Care)

[2]   *Process of developing positioning strategy*

Hudson (2002) and Johnson et al. (2006) argue that the organization's strategic position is an outcome of its management's review of the external environment and organizational capabilities as part of its organizational wide planning process. As discussed earlier in sub-section 7.3, this 'strategic management' perspective seems to be supported by the findings in this research, which revealed that developing an organization level PS in COs is more likely to be embedded in their corporate strategy planning process, rather than the SMP process, as suggested by the 'marketing perspective' of developing PS (e.g. Lovelock and Weinberg 1989; Hooley et al. 2001: Andreasen and Kotler 2003).

"The positioning direction and positioning statement of the charity were developed within the corporate strategy planning process, which are reflected in the mission statement and in its strategic intent today."(Chief Executive, Children Homes)

Moreover, the PSs of the COs in this study were often not the result of a deliberate or pre-planned process, but had emerged from actions taken in response to external environmental influences and internal organizational change. These past experiences stimulated organizational learning and paved the way for more deliberate approaches to strategy development (Mintzberg and Waters 1985). It was highlighted in Chapter 6 that different case study organizations were at different stages in the development of their strategic positions. In larger and more established COs, such as Rescue Service and Drugs Care, there were extended periods of learning from experimentation and past experiences (Levitt and March 1988; Brodtrick 1998). In relatively 'younger' COs, such as Children Homes and Community Care, this process had evolved quite unconsciously and was unplanned, mainly in response to the rapidly changing external environment.

These experiences reflect Behn's 1988's concept of management by "groping along" where the COs avoided detailed planning ahead but encouraged adaptation and adjustments to their strategic positions over time. Both emergent and deliberate PSs were thus capable of becoming realized ones (Mintzberg 1987). It is therefore argued here that the process of developing a PS in the charitable context is more complex and does not fully conform to the models suggested in the existing literature as reviewed in Chapter 2 and highlighted in sub-section 7.3. This point is linked to the third significant difference about the role of marketing in SP in COs, which is next discussed.

[3]   *Role of marketing in strategic positioning*

This study has found that the marketing function played a supporting, rather than a leading role in the CO's SP process, which was mainly in communicating the organization's strategic position to its various target audiences. This role appeared to differ from that portrayed in contemporary marketing literature prescribes for SP in non-

profit organizations. It suggests a dominant role for marketing, namely, identifying the components of PS, defining the organization's competitive position, allocating marketing resources to support the goal of pursuing competitive advantage over rival providers, and sustaining that position over time (e.g. Lovelock and Weinberg 1989; Kotler and Andreasen 1996).

Two possible reasons are offered to explain this variance. First, different COs are arguably at different stages of their organizational development, thus exhibiting varying degrees of orientation towards strategic management and marketing practice. The findings from both the postal survey and case studies found that COs have indeed begun to undertake SMP activities, albeit moderately. Whilst many larger COs have arguably dedicated marketing function, the marketing role appeared to be confined to an operational one in the SP process, that is, to communicate the positioning messages once these were defined by the senior management team and trustees, rather than taking the lead in the process itself. This situation was evident in all the four case organizations in this study, and is exemplified by the comment below by an interviewee from Drugs Care.

> *"Marketing has positive contributions to the changes in the organization, especially in developing consistent external communications, re-branding and fundraising. But these can be better, for example, we need to be clearer about the role of marketing for the organization. We need to clarify how marketing links throughout the organization. Who are the ones that we want to communicate our position to? Also the importance of internal marketing to our internal audiences about our corporate and strategic plans and how to deliver these well."* (Development Director, Drugs Care)

The other plausible reason is the contextual difference between COs and commercial [non-profit] organizations, which researchers and managers ignore at their peril. As argued above, the positioning goals of COs appeared to be multiple rather than focused on the singular motive of gaining competitive advantage commonly attributable to commercial [for-profit] organizations. Andreasen et al. (2005) argue that the potential barriers to transferring marketing knowledge to non-profit organizations are the lack of

marketing skill and difference in organizational characteristics compared to for-profit organizations. Leat (1995a) and Rees (1998) suggest that the evolution of management and marketing thought/approaches in VNPOs and COs is inevitable. Yet, as Wright et al. (2005, p. 7) have argued, that the theoretical development of marketing for VNPOs and public service organizations have been "bolted on as a niche application" and has failed to incorporate new paradigms of marketing for the non-profit context into the fundamentals of management theory. In this regard, this study has demonstrated that the marketing function was considered by charity managers as contributing positively to their organizations, albeit *not yet* at a strategic level in positioning as advocated in the extant literature.

7.6.3   Role of mediating factors

Second, the direct influence of external environmental factors on PS in the CO may be mediated by the actions/decisions of influential internal stakeholders, such as the Board of Trustees/Chief Executive, and external stakeholders to which the CO depend on critical resources, such as dominant funders and in some instances, volunteers. The other mediating influence may come from critical 'trigger' events, such as changes to organizational leadership, who brought a strategic orientation into the charity's planning philosophy or declining financial resources. These events could initiate a review of the organization's distinctive competences/key strengths and drive changes to its SP forward. The process of identifying and solidifying the CO's strategic position may therefore not be formalized in the organization until a key decision maker, or a dramatic event triggers that urgency.

The theoretical model does not, however, assume *"complete mediation"*, which implies that *all* of the effects of the external antecedent[s] of the PS are caused by the presence of the mediating factors (James and Brett 1984, p. 307). A given mediating factor may not be a necessary and sufficient condition for an effect in the relationship to occur (Baron and Kenny 1986). It is acknowledged here that under certain conditions the mediating factor[s] may assume a moderating role. Moderators are influences that do

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not intervene in the relationship between antecedent and outcome, but could affect the direction and/or strength of that relationship (ibid). As it was explained in sub-section 7.5.1, the CO's dependency on government funding agencies and volunteers as critical resources in some charities was contingent on other factors, such as the sub-sector in which the charity operated, its organizational culture, size and funding pattern. These conditions are reflected in the quotations below by interviewees in different case study organizations.

> *"Funding new types of services will affect the capacity and infrastructure of the charity to meet these requirements. When we are a large organization, we need to or can decide if we want to undertake some government contracts or not. For example,in the prisons tendering system where the commissioners for that funding decided stringent form of paying out of services and will impose sanctions on us if we don't deliver the required standards.' (Development Director, Drugs Care)*

> *"Being independent, that is, not managed or funded by government, is absolutely vital for this charity so that it has no government messing around whatsoever. We are not politically tied, not operate at the whims of government. That is one of the most frequently asked questions when we are fundraising on the streets. I feel passionate that we are independent and for the reasons that it does such a good job." (Branch Fundraising Volunteer, Rescue Service)*

7.6.4   Pre-eminence of the charity's mission

Fourth, the findings from both the survey and case studies revealed that the charity's mission plays a crucial role in the CO's SP because it acts as both a positioning differentiator, and as a primary influence on the choice of PS (Chew 2005; 2006b). Despite contrasting histories and features, the COs in this study have developed a strong sense of mission, vision and values, which were communicated openly to external and internal audiences. These provided the key direction for the development of PS in the COs. Other research suggests that a fundamental challenge for COs, in comparison to commercial [for-profit] organizations, is the tension between their mission and the needs/demands of external stakeholders, in particular, those to whom the CO are dependent on for resources (Leat 1995b; Hudson 2002). This study has provided some

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support for this assertion. There appears to be a hierarchy of external stakeholders in terms of their potential influence on the choice of PSs in the case study organizations. For instance, all the four cases considered their service users/beneficiaries as the primary stakeholder in terms of their influence on the choice of PS. This could be because their missions pre-determine specific groups of users/beneficiaries as the COs' key target audiences. Donors/funders were considered to be secondary stakeholders. depending on how reliant COs were on them for resources.

NCVO (2004b) cautions COs who increasingly deliver public services, that they risk mission drift in their search for funding. COs have a wide range of stakeholders. the user/beneficiary should be the most important stakeholder that drives their work, not the funder or government partner that provides contracts for delivery of public services (Blackmore 2004). In a similar vein, Alcock et al. (2004) suggest that VNPOs, including COs, that increasingly undertake service delivery contracts for government, need to consider the extent to which these contracts match their organizational mission and are beneficial to their users. They argue that the wider implication for COs taking on an increasing amount of government contracts, is to take on contracts that will further their charitable mission, rather than to pursue funding for the sake of it.

This research has found little evidence of mission drift in COs. Guided by their mission. COs have maintained their strategic positions, despite changes in structural and operational dimensions of their organizations over time. These COs have done so by developing key strengths and distinctive competences that were unique to their organizations. They have been able to implement these changes in pursuance of their mission, including building new or strengthening well-established collaborative links with organizations in the wider voluntary, public and private sectors. They have continued to position their core services around their primary target audience - the user/beneficiary rather than the donor/funder, although they recognized that the latter was also important for their continued existence.

"We need to be careful about too much government funding for charities. The amount of government funding that the charity received has had different effects on the organization. But, I don't think any government will have the strength to jeopardize the funding of key public services that charities are delivering. We don't have a problem with reviewing mission, objectives and values, but there needs to be reasons from within the organization to do that, other than financial ones. These should not be challenged or changed purely for chasing the money."
(Regional Manager, Rescue Service)

"The kind of work that we do is not fashionable but something that is needed. There are a lot of service providers who are concerned that if their type of service goes out of fashion, things will have to change tomorrow. Although there is uncertainty when the government's Drug Strategy ends in 2008, I think there will always be certain services that are needed, and that will always be there. We are probably one of those types of services." *(Branch Service Manager, Drugs Care)*

The literature review in Chapter 2 has highlighted that strategic positions are neither static nor permanent, and would need to be reviewed over time as the organization adapts to external environmental changes (Porter 1996; Zineldin and Brendenlow 2001). The Charity Commission (2004b) has suggested that COs need to review their organization's strategic position regularly, specifically regarding the changing needs of service users/beneficiaries and alternative funding sources, while preserving their identity and mission. However, this could be a difficult balancing act. Whilst the apparent resilience of the COs' strategic positions revealed in this study have benefitted them in terms of avoiding mission drift, this rigidity could pose major challenges when the need to reposition themselves is necessary for their survival in the future. These potential challenges have been voiced by some interviewees in the case studies as major weaknesses in their organizations, such as the inflexibility of the COs' funding mix and being risk-averse in strategic decisions. For instance, in the case of Drugs Care, it has faced difficulty in expanding its voluntary sources of income because of its heavy reliance on statutory funding as a result of its present strategic position. Rescue Service faced resistance from volunteers and supporters when it expanded into beach lifeguarding, which required changes to its pure volunteer ethos and voluntary funding, as part of its 20-year long-term strategic positioning. Further research could provide a more comprehensive understanding of this important dimension of SP in COs.

7.7 Conclusions

In an attempt to answer the two research questions established for this study, this chapter has summarized and discussed the key findings gained from this research. Methodologically, the utilization of an exploratory survey stage followed by a multiple case studies stage, has enabled an arguably more complete picture of the extent of SP activities in British COs. It concludes that COs have now begun to develop longer-term strategies at the organizational level. In particular, they are positioning themselves strategically within their complex and changing operating environments. The PSs of the COs in this study have both generic features, and other characteristics that are unique to them. The choice of PS is influenced by factors that are external and internal to the organization. The key findings that have emerged from this research were explained with reference to the existing literature and research on SP that have been reviewed in Chapters 2 and 3. Some of the findings appeared to conform to contemporary strategy/marketing literature. However, other findings challenged the relevance of the extant literature and theories on positioning and those that have been adopted for COs.

The discussion in this chapter has therefore demonstrably highlighted that the extant literature and scant research on SP are limited in their ability to accommodate the unique context of COs, and they do not adequately guide charity managers in developing their PSs. This study has attempted to overcome some of these deficiencies by developing a theoretical model of factors influencing PS in the charitable context. It integrates the multi-dimensional factors that have emerged from the empirical findings in this research. The factors and their relevance to positioning in COs were discussed in detail. Finally, four underlying premises supporting the model's ability to accommodate the distinctiveness of the charitable context were explained. It must be acknowledged here that the findings from this study and the proposed theoretical model would require validation with further work. Suggestions in this area are the subject of the next and final chapter of this thesis. It will identify several major implications of this study for theory and practice, reflect on the limitations of this study, and offer some avenues for future research.

Chapter 8: Conclusion & Recommendations

8.1   Introduction

This chapter presents the conclusion to this thesis, which has sought to examine an important topic, namely SP in the charitable context. It is the first such study, as far as this researcher is aware, that investigates the extent to which contemporary theoretical perspectives and interpretations of SP depicted in the extant marketing/strategy literature are applicable to British COs within the wider VNPO sector in the UK.

It begins with a summary of the whole thesis with reference to its major conclusions, research objectives, the research methodology utilised and the principal contributions of this study. The implications of the major conclusions are presented in the context of their contributions to positioning theory and practice for COs in particular. These are analysed in the form of implications to theory and research, management practice and the wider sectoral context in which British COs operate. Practical recommendations relevant to other COs that draw lessons learned in SP by the charities in this study and engage in delivering them are also suggested. This is followed by a self-critique of the study's limitations and suggestions for future research. The chapter ends with a final concluding remark.

8.2   Summary of the thesis

This thesis investigates the extent of SP activities in the British charitable context within the wider sector of VNPOs in the UK. More significantly, the empirical evidence gained from this study has enabled this researcher to develop an original theoretical model that integrates, for the first time, the multi-dimensional factors that could influence the PSs in the context of British COs.

Although there have been acknowledgements by scholars and researchers on the need to selectively adapt rather than transplant business management/marketing approaches in the context of COs (e.g. Wray 1994; Bruce 1998; Rees 1998; Clark and Mount 2001), there remains a paucity of theoretical development and lack of empirical research towards addressing this need. Moreover, as highlighted in the literature review in Chapter 2, much of the conceptual and theoretical depictions of SP found in the extant literature for VNPOs in general, and COs in particular, are similar to those advocated for commercial [for-profit] organizations. This thesis is therefore an attempt to remedy the significant research gaps in both empirical research and theoretical development in SP in organizational contexts other than commercial [for-profit] ones.

8.2.1 Review of research objectives

The main aim of this thesis was supported by two key objectives:

- To explore and describe the SP activities in British COs within the wider VNPO sector in the UK, and to compare the empirical evidence gathered with the largely prescriptive literature;
- To identify and explain the key factors that could influence the choice of PS in British COs, and then to depict these factors in an original theoretical model that accommodates the particular context in which COs operate.

The key findings in answer to the main and subsidiary research questions, which were established to achieve these objectives, have been presented in Chapters 5 and 6, and discussed in detail in Chapter 7.

8.2.2 Review of major conclusions of the thesis

The SP activities explored in this thesis can be grouped into three broad themes: the process of developing a PS; components of PS and changes to strategic position; and the key factors that influence the choice of PS in British COs.

This thesis concludes that:

- British COs have begun to undertake SP for their organizations as part of their corporate-level strategic planning to differentiate themselves in an increasingly challenging and competitive external operating environment. This contrasts with the contemporary marketing literature's depiction of positioning as a key marketing activity in the SMP process (Lovelock and Weinberg 1989; Kotler and Andreasen 1996; Andreasen and Kotler 2003).

- A distinctive combination of co-operative/collaborative and competitive strategic motives drives COs to undertake their SP activities. This differs from the predominant competitive motive of SP in commercial [for-profit] organizations, which has been advocated in contemporary strategic management/marketing literature in order to gain competitive advantage over other [rival] organizations (Porter 1980; Hamel and Prahalad 1989; Hooley et al. 1998a,b).

- The process of SP in developing a PS is more emergent than pre-planned. However, there is evidence from this study that the experiences learned by COs from this emergent process have begun to pave the way for more formalized and deliberate strategy development (Mintzberg and Waters 1985).

- The PSs of COs appear to have three distinct but inter-related strategic components: the choice of generic or core PS that provides the broad positioning direction for the strategy; the choice of key target audiences [users/beneficiaries and donors/funders] to which the PS efforts are directed; and the choice of specific positioning dimensions that the CO needs to develop to differentiate itself from other providers. This conclusion provides empirical support for existing contemporary conceptual literature on

positioning that suggests that a PS comprises of inter-related strategic decisions (e.g. Brooksbank 1994; Hooley et al. 1998a,b; 2001). Moreover, the findings from this study have provided new insights into the anatomy of a PS in the charitable context.

- A complex combination of external environmental, internal organizational and stakeholder factors, which is unique to COs, influence their choice of PSs. This provides partial empirical support for the general consensus among contemporary strategy scholars that a PS is influenced by both external environmental and internal organizational forces. However, this study has revealed that stakeholder influences are equally, if not, more important in influencing the choice of PS in the charitable context. They could mediate the direct influence of external environmental factors on the PS in COs.

- There are distinctions in the type of generic or core PSs and positioning dimensions adopted by different COs. The differences could be explained by variations in their organizational size, funding patterns and historical orientation. Larger COs that depend more on voluntary sources of income tend to adopt differentiation positioning while relatively smaller COs that depend more on non-voluntary sources of income [e.g. statutory grants and service contract fees] tend to adopt focus positioning as their generic or core PS. The charity's mission, strong relationships with statutory and private sector organizations, and network of branches and volunteers are the positioning dimensions that are unique to COs.

- The charity's mission plays a crucial role in shaping the CO's strategic position because of its influence on the choice of generic or core PS, choice of primary target audience [user/beneficiary] and as a positioning differentiator. The legal obligation imposed on British COs to preserve their

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charitable purposes and status has reinforced the pre-eminence of the charity mission on enabling and/or curtailing changes to the CO's strategic position over time.

8.2.3 Review of research strategy and methodology

The journey this study has taken to fulfil the research objectives and to answer the research questions has been extensive. An inductive research strategy was adopted to guide the data collection and analysis, although an element of deduction was also involved. A three-stage mixed methodology was utilized to support the research strategy. It consisted of: an initial conceptualisation stage to identify the key literature and refine the research questions and themes, an exploratory postal survey stage to provide a broad description of the extent of SP activities in a sample of British GWSC charities, and a cross-sectional case studies stage involving four GWSC charities to develop an in-depth understanding of the SP activities in these COs.

This research design was theoretically and methodologically necessary because of the limited literature on the topic of SP in the non-profit context in general, and particularly, the lack of previous empirical research on SP in British COs. Arguably, the utilization of a mixed methodology has enabled the interpretation of the SP activities in COs to be more comprehensive, in order to answer the research questions. Reliability and validity of the research findings were enhanced through methodology triangulation [postal survey and case studies] and data source triangulation [multiple sources of data within the case studies] (Denzin 1979a,b; Jick 1979; Yin 1994, 2003). These conditions were already explained in Chapter 4 and reviewed in Chapters 5 and 6.

It has been established in the literature review in Chapter 2 that SP is an important strategic activity for both commercial [for-profit] and non-profit organizations. Moreover, as argued in Chapter 3, the operating environment in which British COs exist has experienced profound changes, in particular over the past decade, both in their policy context and the wider external environmental conditions. In this new millennium,

in order to sustain their charitable causes, COs are facing growing competitive pressures to raise and maintain income, both from traditional voluntary sources and other more innovative ones. Of interest are those COs that deliver public services as their founding purpose or who have been persuaded to undertake this as part of the current Labour Government's endeavour to modernize public services in the UK ((HM Treasury 2002; Strategic Unit 2002). In this regard, the GWSC charities were chosen as the sample for this research because the majority of them were involved in the delivery of public services, whether funded by voluntary or statutory sources of income. At the same time, the heterogeneity of the GWSC sub-sectors has enabled a degree of generalisability of the findings from this research to the wider charitable sector.

8.2.4   Review of principal contributions of the thesis

In Chapter 1, four principal contributions of this thesis have been highlighted in order to fulfill its aim and research objectives. They are reviewed in this concluding chapter in light of the research outputs achieved (refer also to Figure 1.1 in Chapter 1). They are divided into empirical, theoretical, methodological and managerial contributions.

[1]   Empirical contributions

The literature review at the conceptualization stage of this research has revealed a paucity of empirical research on SP in COs in particular. Of concern was the lack of empirical evidence against which to ascertain the extent to which existing theories and interpretations of SP in the literature are applicable to the charitable context. This research has provided such an empirical basis. In particular, they have filled some important gaps by adding breadth and depth to existing contemporary strategy/management literature in general and positioning literature as follows:

- This study has provided a conceptual clarification of the relationship between SP, strategic position and the components of a PS, and has differentiated between SP at the organizational level and positioning at the

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operational [product and brand] in COs to guide theory development in this study. Consequently, this study has advanced our understanding about the relationship between these inter-related concepts of SP in the charitable context.

- It has delineated and described the anatomy of a PS for COs, which provides support for the existing conceptual literature on the components of a PS while offering a distinct addition to positioning theory and research in the non-profit context.

- It has also provided a mapping of the extent and nature of SP activities at the organizational level in British GWSC charities through the combined evidence from the postal survey and the cross-sectional case studies. The empirical evidence showed that the significant approaches to SP employed by COs supported their multiple positioning goals, compared to that of commercial [for-profit] organizations, as suggested in the contemporary literature. This mapping captured the process of developing a PS, the type of PSs adopted by COs and the key factors that influenced the choice of their PSs. It has enabled comparison between the study's empirical findings and those activities prescribed in the existing positioning literature, consequently helping this researcher to explain similarities and differences arising from this comparison.

[2] Theoretical contributions

In addition to the empirical description of the extent and nature of SP in COs, this thesis has contributed to theory development in three distinct ways:

- Provided an alternative approach to conceptualizing SP in the charitable context by integrating the theoretical perspectives and disciplinary lenses on SP that straddle different schools of thought, namely, strategic management,

RBV, marketing, stakeholder theory and the RDT. It suggests that each perspective is useful but limited in its ability to fully explain SP in the charitable context. Adopting such a multi-dimensional approach is appropriate for theory building, in particular, in complex organizational contexts such as that of COs (Thomas and McGee 1986; Johnson et al. 2006).

- Developed an original theoretical model that integrates the key factors influential on the choice of PSs in COs, using the combined empirical evidence from the postal survey and case studies. Due to its predominantly exploratory nature, this model does not claim causality between these factors. Nevertheless, it highlights the multi-faceted inter-relationships between them, some of which are unique to the charitable context. The model therefore provides a distinctive addition to contemporary positioning theory and facilitates future research in this subject.

- Advanced the field of non-profit management/marketing studies, in particular, in SP in the charitable and voluntary sectors. This study has noted that the existing non-profit marketing literature suffers from a lack of conceptual differentiation between SP for non-profit organizations and commercial [for-profit] ones (e.g. Lovelock and Weinberg 1989; Kotler and Andreasen 1996; Andreasen and Kotler 2003). The non-profit management literature has also largely ignored the topic of SP, although a few authors have highlighted its importance in corporate strategy planning for VNPOs and COs (e.g. Hudson 2002; NCVO 2004b). This study has revealed that there are theoretical and empirical differences between SP in COs and SP described in the commercial [for-profit] literature. These dissimilarities would engender more theory building of management models/frameworks that are able to accommodate different organizational contexts besides commercial [non-profit] ones. Consequently, this thesis could spur further theory development on other strategic management and marketing models specifically for COs and VNPOs.

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[3]   Methodological contributions

These contributions, although modest, relate to the research strategy and methods utilized in collecting and analysing the data in this study.

- Two original measurement scales were developed in the exploratory postal survey to operationalise PS and SMP in COs in this study. These 'new' scales were required due to the lack of existing scales in both contemporary and the non-profit management/marketing literature. Future research adopting these scales would provide further validation for their methodological contribution to positioning and marketing research.

- A three-stage methodology comprising of a conceptualization stage, an exploratory postal survey stage and a cross-sectional case studies stage was followed to support this predominately inductive research. This approach, whilst not entirely unique in itself, has brought a new dimension in the methodology for studying SP in the charitable context, especially, for theory building.

[4]   Managerial contributions

The empirical findings on the SP activities and the theoretical model of factors that influence the PS of COs developed from these findings could provide a useful foundation for charity managers to appreciate the complexity of SP decision-making in their organizations. They also highlight that one needs to be cautious about directly applying generic positioning approaches prescribed in contemporary management/marketing literature into the non-profit management practice without critically reviewing their underlying theoretical assumptions. Specifically, this study has:

- Contributed to a better understanding for senior managers of COs regarding the role that SP could play in strategic planning and development, and the

factors that could influence their choice of PS in their organizations. As introduced in Chapter 1 and described in detail in Chapter 3, this is particularly significant in light of the increasingly challenging operating environment and changing policy context of British COs, which has prompted them to seek ways to preserve their distinctiveness in an attempt to differentiate themselves from other COs. The findings from this thesis provide some guidance to non-profit managers in planning and implementing SP in their organizations. Other key stakeholders of COs [e.g. government funders and corporate donors/supporters] would also gain insights into the important roles they could play in influencing the PSs that COs adopt.

- Facilitated the development of learning communities by disseminating both theoretical/empirical knowledge gained and lessons learned from the COs featured in this study through journal articles and working papers, research conferences and reports to charity practitioners and academic audiences.

8.3   Implications of major conclusions and lessons learned

The major conclusions of this thesis reviewed earlier in sub-section 8.2.2 suggest various implications for theory and research, and for management practice in COs. This section discusses these implications in light of the empirical findings from this study.

8.3.1   Implications for theory and research

Four implications for theory and research, which have arisen from this study, are suggested in this sub-section. First, this study has surfaced significant gaps that remain in both theory and research in the subject of SP in both contemporary strategy/marketing and the non-profit management literature. The empirical evidence has revealed that British COs were undertaking SP activities in ways that showed likeness to some activities advocated in the extant literature [e.g. the use of particular generic PSs and

positioning dimensions], while demonstrating uniqueness in others [e.g. their positioning goals, process of developing PS and factors that influence their choice of PS]. The evidence demonstrates that COs are positioning themselves in their changing external environment in distinctive ways that are not adequately reflected in existing positioning theory. This suggests that theory development in SP has lagged behind practice. This thesis has contributed in a small way by filling some of these gaps. However, there is an urgent need to develop more theoretical models and conceptual frameworks that take account of the particular organizational and environment contexts of non-profit organizations, such as COs and the wider sector of VNPOs in order to guide research and management practice.

Second, and building on from the first implication, is the underlying assumptions of SP in the commercial [for-profit] literature (e.g. Porter 1980; Hooley et al. 1998a,b; 2001), which have been adopted in the non-profit marketing literature for positioning in COs/VNPOs (e.g. Lovelock and Weinberg 1989; Kotler and Andreasen 1996; McLeish 1995; Andreasen and Kotler 2003). SP in commercial [for-profit] organizations is predominately undertaken for mainly competitive reasons. The strategic intent of these organizations is to create and maintain a competitive PS that supports their positioning goal, enabling them to outperform their rivals (Hamel and Prahalad 1989).

However, this study has revealed a more complex combination of positioning goals in COs, which included co-operative, collaborative and competitive elements. Whilst COs in this study recognized the increasingly competitive operating environment for raising funding and securing service delivery contracts, the strategic positions they have adopted have been arguably moulded by their mission, organizational culture and values, and their accountability to various stakeholders. These organizational features are theoretically different from those of commercial [for-profit] organizations (Leat 1995a). As it was reviewed in Chapter 3, these and other dissimilarities between the organizational contexts of COs and commercial [for-profit] organizations should signal to scholars and researchers the danger of advocating 'blanket' management approaches for COs without careful consideration for these contextual variations (Rees 1998; Guy

and Hitchcock 2000). They would require either adaptation or re-interpretation for the charitable context. This effort is apparent in the theoretical model of factors that influence the PS in the context of COs developed in this study.

Third, the role of marketing in leading the SP process was found to be less significant in COs than depicted in both contemporary marketing literature and those adapted for non-profit organizations (e.g. Lovelock and Weinberg 1989; Kotler and Andreasen 1996). Chapter 7 has discussed this finding and two plausible reasons were offered to explain the variation between the empirical evidence and existing literature: the extent of development of marketing practice in COs lags behind commercial [for-profit] organizations and the contextual differences between these organizations. The latter suggests that marketing's role in SP in COs would be limited to a supporting role in their corporate planning and strategy development process, e.g. in communicating the strategic position to various target audiences. The marketing perspective of SP for COs would need to be reviewed in light of the empirical findings gained from this research.

Fourth, this research has utilized a multi-dimensional approach to explore and explain the forces that could shape the PS of COs. This approach was adopted to review the literature on positioning in order to gain alternative theoretical perspectives/lenses on this subject. It was also used to develop an initial conceptual framework of possible influencing factors, which was later re-shaped from empirical findings into a 'new' theoretical model for the charitable context. This study has revealed that SP is a complex concept and requires a multi-dimensional approach to researching it. Moreover, the complex nature of the charitable context suggests that no single theoretical perspective, and consequently, no single factor can adequately explain all influences on PS in COs. A combination of perspectives and influencing factors is therefore needed to accommodate the unique context of COs in research. This methodological approach would influence future research in SP in organizational contexts, other than commercial [for-profit] ones.

8.3.2 Implications for charity management practice

Chapter 3 has reviewed in detail the changing policy context and external environment in which COs are operating. The UK government's modernization agenda (Cabinet Office 1999) to reform public services in the country would arguably entail a change in relationship between the state and the voluntary sector. This is particularly evident in the enlarging role that VNPOs/COs could play in delivering public services under contracts from government (NCVO 2005b). McLaughlin (2004) suggests that the 'Cross Cutting Review' (HM Treasury 2002) offers COs opportunities to be involved in policy development and delivery of public services. At the same time, it may pose a threat to their distinctive competences, such as being institutionally independent of government and businesses, innovative, holding some voluntary value and providing services that benefit the wider public (Osborne 1996a, 1998; Anheier 2005). Moreover, Chapters 1 and 3 have established that the voluntary sector in the UK has grown significantly in terms of the number of organizations and the total revenue generated (NCVO 2004a,b). CAF (2004) reports that the increase in the number of registered COs each year since the new millennium was partly due to the creation of new charities through contracting out of local and central government services and the subsequent transfer of assets, and the use of new charitable forms of partnerships and social enterprises[1] activities (CAF 2004, p. 19). These new entrants have, in part, resulted in the shifting and blurring of boundaries between the voluntary, public and private sectors (NCVO 2004a; 2006a).

These profound changes that are taking place in the policy context and wider operating environment could offer British COs potential opportunities for growth, while at the same time, challenge their SP at both the organizational and sectoral levels. This sub-section explores six major implications for charity management practice in SP at the organizational level in light of the changing policy context and wider environmental landscape.

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[1] Social enterprises comprise of a wide range of organizations that trade for a social purpose. These include cooperatives, trading arms of registered charities and community businesses that use their trading activities to meet some social goals e.g. job creation, delivery of social care services, and providing opportunities for those in disadvantaged communities of geography and interest (NCVO 2004b, p. 217)

First, Chapter 3 has highlighted the arguably enabling policy context in Britain that encourages COs to deliver public services under contracts from government. This trend has raised concerns among scholars and industry observers about the risk of mission drift in COs, the potential loss of their independence in making strategic decisions and the freedom to campaign for their causes in the changing policy context (e.g. Leat 1995a,b; NCVO 2004b; Alcock et al. 2004). This study has found little evidence of mission drift in the case study organizations because they have developed strategic positions that were guided by their missions and corporate values supportive of their charitable purposes despite making structural and operational changes over time. However, as suggested in Chapter 7, sub-section 7.6.3, tension between the need to maintain a strong strategic position to preserve its traditions and values, and being able to respond effectively to the changing external environment could arise in the CO. There is therefore a need for charity managers to manage their SP process, which enables them to take advantage of environmental opportunities by balancing between mission drift and over-rigidity in their existing strategic position that could curtail the CO's ability to respond effectively to environmental opportunities when needed.

Second, Blackmore (2004) argues that the crucial issue in the debate about the potential loss of independence of COs in an increasingly government-driven agenda for delivery of public services and the resulting emergence of partnership working and contractual arrangements is a flawed one. She suggests that the issue is not about independence of COs *per se*, but about the degree of interdependence and how they are able to manage strategic relationships with their various stakeholders, including government funders. There have been proposals to strengthen the 'Compact' governing formal relations between the government [central and local] and VNPOs/COs in both policy design and public service delivery (Osborne 2002; Osborne and McLaughlin 2004). These developments have reinforced the importance for COs to embark on SP in a way that preserves their charitable values and independence, while enabling them to build

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strategic relationships between public and private sector organizations in pursuance of their mission.

Third, and building on from the previous point, a complex combination of co-operative/ collaborative and competitive motives was found to underpin the positioning goals for SP in British COs in this study. This unique combination underscores the distinctive nature of COs that strive to develop and sustain strategic relationships with other charities, VNPOs and organizations in the public and private sectors. It was suggested in Chapter 8, sub-section 8.3.1 that the charity's mission, which could facilitate or constrain the CO's strategic choices, strongly shape these motives and positioning goals. In order to avoid mission drift, charity managers would need to adopt a strategic position for their organization that best reflects its mission, and enables effective differentiation of the organization from other COs, while at the same time, remaining open to learning from the external environment and from its own experiences. However, the increasing number of organizations in the wider sector of VNPOs, combined with the blurring of boundaries between voluntary, public and private sectors, is likely to increase competition for resources and public/media attention further (NCVO 2004a). This competitive pressure could drive COs to increasingly embark on SP for competitive reasons in the future and risk undermining their co-operative and collaborative spirit, which is one of their defining characteristics, in comparison to commercial [for-profit] organizations.

Fourth, NCVO (2004a) reveals that there is a trend towards polarization of COs in terms of their size and their ability to attract resources. The largest charities [annual income exceeding £10 million] continue to grow in number, while smaller charities [annual income below £100,000] and mid-sized ones [between £100,000 and below £1 million; and from £1 million to £10 million] have decreased in both number and share of total income in the charitable sector. For instance, the largest charities make up nearly 40% of the total number of registered COs in the UK, while smaller and mid-sized charities

constituted 9%, 24% and 29% respectively of the total in 2002 (ibid, p. 6). However, in terms of SP, the smaller and the largest charities continue to attract voluntary funding and support (NCVO 2004b). They were able to do this either because a local base of support was already established, or because of their ability to raise funds and develop strong national brands. In the increasingly polarized charity market, SP could be an important strategic planning tool for COs. Charity managers have to decide the appropriate PS to adopt for their organization. The findings in this study have revealed that COs that adopted a differentiation PS tend to be larger organizations more reliant on voluntary donations and less on statutory funding. Those that adopted a focus PS tend to be mid-sized COs, who depended more on non-voluntary sources of income, including government grants and service contract fees. Mid-sized COs, in particular those that are involved in public service delivery, are perhaps the organizations that need to develop more distinctive strategic positions. They have to decide whether to remain niche providers or expand to become more diversified ones that rely less on government grants and fees.

The fifth issue is about the positioning dimensions used by the COs in this study. This could be an important lesson for charity managers when deciding on the type of positioning dimensions to build and support their generic or core PSs. Positioning dimensions reflect the key strengths of the organization, requiring dedicated resources in order to sustain its PS over time. These resources include tangible and intangible assets and capabilities that the organization builds over time (Barney 1991; Grant 1991). The inherent resource dependency of the COs in this study on external parties for funding and other organizational resources have driven them to develop a greater amount of internal capabilities [e.g. service expertise, leadership and management skills] and intangible assets [e.g. good reputation, network of branches/volunteers, and strong relationships with partner organizations including local government agencies and other VNPOs] to differentiate themselves from other COs providing similar services. This provides some support to the RBV literature, which was reviewed in Chapter 2, that the

more enduring resources that are capable of becoming distinctive competences are build on intangible resources, such as reputation, skills and organizational relationships (Hamel and Prahalad 1990; Amit and Schoemaker 1993; Hall 1993). Moreover, attracting and developing such resources to support changes in the PSs could affect the nature of strategic relationships between the COs and other organizations e.g. becoming more competitive or collaborative, which is linked to the second and third issues discussed in this sub-section.

The sixth issue is about the experiences of the case study organizations in this research and the impact of changes to their organizations' strategic positions. These experiences could provide useful lessons for other COs and organizations in the wider sector of VNPOs. These experiences were described in Chapter 6, sub-section 6.5.4. They reflect the complex nature of SP and the need for COs to continually balance between making strategic choices to adapt to changing external environmental pressures and the potential risks of these decisions. These changes have begun to create tension in the case study organizations between their longer-term economic survival and established core values. For instance, in an effort to be strategically effective and efficient, they have embarked on strategies that have begun to erode their volunteer ethos. The erosion of that core value has made it difficult for some of the COs to raise voluntary donations. These strategic changes have also affected the way they build and manage relationships with other organizations and have restricted their operational autonomy in varying degrees. These effects were particular evident in COs that increasingly undertook service delivery contracts commissioned by local or central governmental agencies.

Whilst the COs in this study have claimed that these effects had not altered their core strategic positions or their missions, nevertheless, they were acutely aware of the potential dangers of deviating from their primary charitable purposes. For many COs, the charity's pure volunteer ethos is a key strength that differentiates them from other charities delivering similar services. Is preserving the volunteer ethos or maintaining

established relationships important for COs? The answer would arguably be a governance and management decision. It would depend on the strategic choices the charity leaders make for their organizations, how entrenched their core values are and the extent of changes to the organizations' strategic positions. Overall, COs should view themselves as proactive actors in shaping their strategic positions, rather than passive respondents in their environmental contexts.

8.3.3 Wider sectoral implications

The modernisation of public services by the UK government, and the role of COs in public service delivery will continue to dominate the relationship between government and the voluntary sector (NCVO 2006a). It is therefore appropriate to explore the issues arising from this study on SP in the wider voluntary sector in which COs and VNPOs operate. This sub-section suggests two major issues:

The first issue concerns the influence of government on the PS choices in COs, which arose strongly from this study. The factors influencing the choice of PS depicted in the theoretical model in this study [see Chapter 7, Figure 7.1] suggests that PS can affect the strategic relationships between COs and other organizations in the wider voluntary sector, and in the public and private sectors. The influence of PS on strategic relationships between COs and other organizations has already been discussed in the preceding sub-section 8.3.2. It was also highlighted then that the COs' resource dependency makes it imperative for them to build long-term relationships with resource providers, including central and local governments (Chew 2006b). The nature of strategic relationships that external parties chose to develop with COs could also have an impact on the PS of COs.

The pervasiveness of the present Labour Government in setting policies, which have arguably changed the landscape of public services in the country over the past decade (NCVO 2004a), makes it necessary for government [local or central] to recognize its active role and influence on COs' PSs in the wider sector of VNPOs. On the one hand, the enabling policy context, described in Chapter 3, has provided both financial support and capacity building for COs that deliver public services for government. On the other hand, as cautioned by McLaughlin (2004), the government's initiatives in modernizing public services through the involvement of COs and other VNPOs in service delivery e.g. through its 'Cross Cutting Review' (HM Treasury 2002), needs to be analysed for both its opportunities and risks to the voluntary sector. One major risk, she argues, is the potential loss of the distinctive competences of COs that increasingly deliver public services under contracts from government. These could include their independence from other agencies and independent funding.

This study has provided some evidence to suggest that the nature and degree of government influence on the PS of COs would differ depending on the perceived role that it plays in the relationship with them [e.g. as funder, policy maker or legitimizer of their activities]. Its influence would also depend on the nature of the services provided by the charity, the degree to which the organization leaders engaged with government as a partner in the delivery of public services, and the actions that it took to maintain independence and strategic autonomy. A major concern raised (e.g. Leat 1995b; NCVO 2004b) is the potential influence of government as a dominant funder on COs' strategic choices and their independence as an important part of the wider voluntary sector. This study has revealed a complex set of dependencies between COs and the government. They considered government as a 'necessary' partner because of its role as policy maker and legitimizer of their activities, and less so as their competitor for organizational resources. The study revealed that as long as COs remained focused on their mission, they were able to work with various local/central government agencies as partners despite their dependency on them for funding and public service contracts. In this way,

the COs were able to develop co-operative and collaborative relationships with government, which have influenced their choice of PS.

Government, therefore, has a major role to play in ensuring that the independence of COs/VNPOs is observed and preserved e.g. through the national and local Compacts (Home Office 1998; Osborne and McLaughlin 2004), which have established guidelines on formal working relationship between government [local and central] and COs/VNPOs that deliver public services under government contracts. The issues of mutual trust and interdependence are perhaps more crucial to strengthening strategic relationships between the public and the voluntary sectors in implementing the government's modernisation agenda for public services reform, while at the same time, ensuring the primary purposes of COs/VNPOs are legitimately pursued (Blackmore 2004).

Second, it is also important for representative bodies of the voluntary sector, such as the NCVO, CAF and ACEVO, to recognize their role and influence on the SP directions of COs in the UK voluntary sector. The PSs pursued by individual COs in their respective sub-sectors could have a collective impact on SP of the charitable sector within the wider voluntary sector. The growing differentiation between large, primarily service-based COs and small local community charities, with a possible squeeze on mid-sized COs, has been cited as a growing concern among charity practitioners (OPM 2005). NCVO (2004a) reports that the largest British COs [annual income above £10 million] continue to attract funding from both voluntary and statutory sources. This study has investigated the SP experiences of the largest COs and also the mid-sized ones [annual income between £1 million and £10 million]. It has revealed that COs have begun to use SP to differentiate themselves in an increasingly competitive operating environment. Would the increased use of SP by larger COs as a strategic planning and management tool to reinforce their national brands and to support their fundraising exacerbate the polarization between larger COs and the other charities? Or could the use of SP help to

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define the uniqueness of COs to support their individual charitable cause, regardless of their size? Answers to these questions would arguably require further research to understand these issues fully.

It is necessary for the representative bodies to involve small and mid-sized charities in debates or to consult them on decisions about their roles in shaping the future direction of the wider sector of VNPOs. Issues, such as having a collective 'voice' [to preserve the COs' role in advocacy and campaigning for their causes] and 'choice' [to ensure that they are able to decide, manage and run their operations independent of funders' requirements, especially government funders and other dominant stakeholders], are particularly crucial for all COs. These choices are not just confined to the largest ones. NCVO and other representative bodies of the voluntary sector have a particularly important role to play in ensuring that COs of whatever size, shape or form have an opportunity to contribute to preserving the voluntary sector's distinctiveness.

8.4   Limitations and suggestions for future research

While this study has achieved its research objectives, there are several limitations as well. The limitations are due to trade-off decisions required in any social science research, in particular when conducting research, such as this present study, which is characterized by a lack of previous research in the subject of SP in the non-profit context, and the development of theories that build on strengths and weaknesses of existing theories and concepts. At the same time, it must be acknowledged that this study has opened up further questions that could pave the way for future research. This section highlights the limitations of the study with a view to stimulating future research in the theory and practice of SP as a strategic management tool for COs in particular, and VNPOs in general.

First, it was noted at the beginning of this thesis that this study would be involved in an area that had little previous research done in it. Moreover, it was revealed in the literature review in Chapter 2 that the majority of existing theories and models on SP was derived from the context of commercial [for-profit] organizations. This research has therefore adopted a predominantly inductive strategy to facilitate exploration of key concepts and to develop a theoretical model in the context of COs. This model would now need to be rigorously tested and refined. This work should involve:

- Conducting replication studies to test the legitimacy of the model and its constituents (Yin 2003). This test could be useful to overcome the criticisms of non-replicability and personal bias of the researcher in qualitative studies (Blaikie 2006, p. 250);

- Developing specific hypotheses to be constructed on the basis of the model to further refine its details, for instance, to test the causal connectiveness between the various influencing factors more robustly;

- Testing the generalisability of the model across other organizational and sub-sectoral contexts besides the GWSC charitable sub-sectors using similar methods of data collection and analysis, in order to validate the model and its constituents (Blaikie 2006, p. 255).

- The model suggests that certain factors, such as governmental influence, competition and other external environmental factors could be mediated by stakeholder factors. It would be instructive to explore the impact of these factors in other charitable and voluntary sub-sectors, such as health, environment or the arts.

Second, specific parts of the theoretical model would benefit from further research attention. The influencing factors depicted in the model have been generalised from the empirical findings in this study. There could be other influencing factors affecting PS in COs under specific circumstances. Consequently, this researcher recognises that the

model may not include all influencing factors (Hofer and Schendel 1978). Further work, which was mentioned earlier, such as replication studies and testing the model in other charitable sub-sectors would be useful. Moreover, this study, and consequently the theoretical model, has focused on SP at the organizational level in the charitable context. SP at this level is distinct from, but provides direction for, positioning at the functional levels. Whilst, here the focus of SP has been a distinctive addition to existing positioning theory and research, it would be interesting to explore in more detail how SP at the organizational level affects positioning at the functional levels in the context of COs, e.g. in their fundraising, brand building and services development. The role of marketing, in particular in communicating the strategic position to various audiences, could be examined further in this interaction. These works could provide further insights into the interaction of different parts of the model, and consequently help to refine it.

The third area concerns the utilization of the postal survey methodology in an exploratory nature to produce an initial description of the SP activities of COs. It was noted in Chapter 4 that the two original scales developed to measure SMP and PS activities was necessary in this study because of the lack of existing scales and previous research in the charitable context. Whilst the use of these scales was not to establish causality, tests for internal reliability and external validity of the scales were undertaken to enhance these conditions. Nevertheless, it would be beneficial to subject these scales to more rigorous validation tests, e.g. using large-scale postal surveys in different charity sub-sectors. A larger sample based on probabilistic sampling method could provide generalisability in the types of generic or core PSs adopted, the positioning dimensions used, and the factors that influence the PS in the charitable context. These findings might help develop typologies of PSs that different COs could adopt.

Fourth, the process of developing a PS in COs was explored in this study using comparative cross-sectional case studies. This approach has provided a snapshot view of the issues to be examined. Future longitudinal study into this process could be conducted in order to examine the critical trigger events that catalyse non-linear shifts in strategy

and culture, the causal relationships between the influencing factors, and their effects on strategic relationships between COs, the wider VNPOs and the public/private sectors in more detail.

Fifth, this study has portrayed a generally positive role of SP in the strategic planning and management of COs. However, it would be interesting to investigate the reverse or 'dark' side of SP in non-profit organizations in future research. Some of these organizational and wider sectoral effects, such as having too rigid a strategic position that restricts the CO's flexibility to respond to changing environmental opportunities or risk, and embarking on SP for increasingly adversarial reasons which runs counter to their cooperative and collaborative spirit, have been explored in Chapter 7, sub-section 7.6.3, and in this chapter in sub-sections 8.3.2 and 8.3.3 respectively. This alternative perspective of SP should provide valuable insights to both academics and practitioners.

Finally, conducting comparative studies would be useful to test the national bounds of the conclusions in this study and its theoretical model of influencing factors on PS. It is important to know the extent to which this study's findings and the model are capable of wide application, or if they are bounded by national characteristics. International studies on VNPOs, including COs, have made important contributions to the development of theories and management models for these organizations in both economically developed and developing societies, e.g. the works of Salamon and Anheier (1994), Anheier and Kendall (2001), Osborne (2003) and Nyssens (2006). Such comparative studies would provide a more comprehensive picture of the extent to which the wider sector of VNPOs undertakes SP activities and their effects in different national contexts.

8.5   Final concluding remarks

This chapter has summarised the major conclusions of this thesis and has suggested several implications of these for theory and practice. It has considered the limitations of this study and offered avenues for future research. The major conclusions formed the basis for reviewing the key contributions of this thesis and explorations of the

implications for theory development, management practice and wider policy implications in the context of COs in particular, and VNPOs in general. From the literature reviewed in Chapters 2 and 3, and in light of the findings from this study reported in Chapters 5, 6 and 7, it is clear that there is need for more empirical works in order to develop theoretical and management models that appreciate the context of COs.

This final chapter has reemphasised the thesis's original approach in investigating an important topic of SP in British COs, which has received little theoretical and empirical attention in both contemporary and non-profit management research to-date. This present study has by no means implied that it would fill all the research and information gaps in the area of SP in the charitable context. Nevertheless, the findings from this study represent small stepping-stones towards understanding the concept of SP as it applies to British COs within the wider context of VNPOs in the UK.

Finally, the process of undertaking and completing this thesis has been, on the one hand, a great intellectual challenge, yet on the other hand, has given this researcher an enormous sense of satisfaction. It is hoped that this thesis and its findings will spur further research into the development and use of management approaches and techniques in the charitable and non-profit contexts.

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