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

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The University of Aston in Birmingham,

November 1995.

The University of Aston in Birmingham: thesis summary.

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

Dedication

For my parents, Frank and Gwendoline Osborne.

ACKNOWLEDGEMENTS

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

[5] parts of chapter one are based upon material by myself published in Aston Business School Public Sector Management Research Centre (PSMRC) Working Papers, numbers 23 and 24. It is also to be included as chapter one of the *Voluntary and Non-profit Management Handbook,* to be edited by myself and to be published in 1996 by Chapman & Hall.Parts of chapter two are based upon material by myself published in Aston Business School PSMRC Working Paper number 25, Aston Business School Doctoral Working Paper number NS 8, and in an article in *Social Services Research* (1995, no. 1; pp. 1-13).

[5] the typing (and hand-writing translation) services of Jean Elkington and Jane Winder at Aston have ensured that the ideas in my head have made it onto paper.

[6] a special 'thank you' is due for the long-standing support of my family, Marian, Martha and Madeline, who have suffered the creative process along with me and without whom this thesis would certainly never have been finished.

and

[7] last but by no means least, all the people who participated in this research, either in the survey or the case study interviews. They must remain anonomous, but are no less essential for all that.

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

CONTENTS

LIST OF TABLES AND FIGURES
(with page number in brackets after each title)

ABBREVIATIONS USED IN THIS THESIS

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

INTRODUCTION

This thesis concerns the capacity of voluntary organizations for innovation in the Personal Social Services (PSS) in England. In this context, the PSS are taken to be that field of activity covered by the Social Services Departments (SSDs) in this country. Broadly this includes support services to children and their families, the care of adults with special needs (such as elderly people or people with learning disabilities), and services which span both these groups (such as those for people with a need which is not age specific, such as cerebral palsy).

This is an important topic. As will be seen from the literature review below, such innovative capacity has often been asserted both as a core characterisitc of voluntary organizations, and as an important contribution to the provision of the PSS in Britain.

However, as the literature review will also demonstrate, there has been a significant lack of research, either to give an empirical grounding to such assertions, or to develop a conceptual model of this innovative capacity and which might provide some causal explanation of it. Whilst voluntary organizations were a minor player in the provision of the PSS, this assertion had comparatively little social policy import. However, in recent years, voluntary organizations have become significant providers of these services. In part this has been a product of the changing public policy framework for the delivery of public services toward that of the *enabling state* (Department of Health 1989; Rao 1991); and in part it has been a product of the very perception of voluntary organizations as possessing a significant potential for innovative activity (compared to the inflexibility and bureaucracy of local authority

SSDs), as innovation has itself become a key policy goal in social welfare (Kings Fund 1987).

This changing framework is especially apparent in the two key foundiing documents of the 'mixed economy of care', the Griffiths Report (Griffiths 1988) and the subsequent White Paper on community care services for adults, **Caring for People** (Department of Health 1989). Griffiths promoted the concept of using voluntary organizations (and other private providers) as the main providers of community care services in order

> '...to widen consumer choice, *stimulate innovation* and encourage efficiency.'
>
> [my emphasis] (Griffiths 1988, para. 1.3.4)

Similarly the community care White Paper argued that

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

Although less explicit such expectations have also been part of the developing framework for services for chilldren and their families.

Despite their policy and service import, though, many of these assumptions about the characteristics of voluntary organizations have remained largely untested (Wistow et al 1994). This is particularly true of the assertion about the innovative capacity of voluntary organizations:

> "...a comprehensive, not to say imaginative compendium of attributes (of
>
> voluntary organizations) has developed. Most such statements of these
>
> attributes are based upon conjecture. It is rarely the case that one can detect

either an empirical or a conceptual basis for the listings of the desirable
features of voluntary organisations vis-a-vis other agencies and sectors...
The pioneering characteristic of voluntary organisations has been cited so
frequently as to become legendary. But like all the best legends the truth has
sometimes been colourfully embellished to make a better story' (Knapp et al
1990, p. 199)

Because of the above policy and service developments, it has now become
important to put the assertions about the innovative capacity of voluntary
organizations to the test. This thesis is dedicated to this task. It will provide both an
empirical analysis of the extent of innovative activity by voluntary organizations, and
an exploration of possible causal explanations of this activity by which to build an
analytic model of the innovative capacity of voluntary organizations.

In undertaking this task, this thesis will bring to bear the insights of organization
theory upon the study of voluntary organizations. As will be demonstrated later,
there has been a failure to apply these insights to voluntary organizations
previously, and their study has suffered because of this (Knokke & Prensky, 1984;
Paton, 1993). Of late there has been important work done to right this imbalance
and this work is discussed in chapter two. This thesis is intended as a contribution
to this growing literature.

The thesis is in four parts. The first part will commence by exploring the nature of
voluntary activity and voluntary organizations. It will then undertake a major review
of the key literature relevant to the focus of this thesis, the innovative capacity of
voluntary organizations. This will require integrating material from two major fields of
study. First it will review the literature about innovations and innovators from the
organization studies field, as well as some other key conceptual developments in

this field which also can contribute to this thesis. Secondly, it will review the literature from the social administration/social policy field about both the innovative capacity of voluntary organizations, and the extent of innovative activity in the field of social welfare. It will argue that these latter literatures are deficient in their analyses of innovative activity, because of their failure both to define innovation and to develop conceptual tools for its analysis. The review will conclude by drawing upon the insights of the earlier organization studies literature about innovation in order to develop just such a definition and analytic tools.

The second part of the thesis will outline the research methodology. It will begin by a general discussion of the key issues in selecting a methodology before presenting the chosen approach and discussing its reliability and validity. This approach is based upon three locality samples and combines a postal survey with a series of in-depth case studies.

It will emphasize that, because of the exploratory nature of this study in an area where there has been little previous research, a wholly deductive approach on the basis of a pre-formed hypothesis would be counter-productive. It would be akin to the proverbial search for a needle in a haystack. Rather, this study will adopt initially an inductive approach, which will allow testable theory theory to be developed upon the basis of empirical exploration. This will allow the nature of the innovative capacity of voluntary organizations to be explored and mapped. Following on from this a more deductive approach will be adopted which will seek to test out theoretical insights from the organization studies literature. Specifically, it will test whether four causal hypotheses of the innovative capacity of organizations, derived from the organization studies literature, are applicable and useful in analysing voluntary and

non-profit organizations. These hypotheses are that this capacity is a product of their formal organizational characteristics, of their internal environment, of their external environment, and of their institutional context.

The third part of the thesis will present its findings. It will start by describe the three localities in which the study was undertaken. This will be followed by a mapping of the nature and extent of innovation by voluntary organizations, and by an exploration of the basic organizational characterisitics which describe the innovative voluntary organizations. This section will be based upon a postal survey of a census of all voluntary organizations involved in the PSS in each locality. These findings will be analyzed using both simple distributional statistics and chi-2 tests, and also through the use of discriminant analysis.

Having completed this initial mapping, to describe the nature of innovation and of innovative voluntary organizations, the study will then explore four possible causal hypothesis of the innovative capacity of voluntary organizations outlined above. These will be explored using three cross-sectional case studies, of innovative, developmental, and traditional organizations (these terms will be defined in detail later in this thesis).

It will be argued that little evidence was found to support the first two hypotheses but that significant support was found for the latter two. This evidence will be built upon further exploring the process(es) of innovation found in the case studies, in order to explore how these causal factors are operationalised.

The final part of this thesis will draw the findings of this study together, to produce an initial model of the innovative capacity of voluntary organizations in the field of the PSS. It will conclude by highlighting the ways forward for future research.

The original contributions of this thesis are therefore threefold. First, it will provide the first empirical mapping of the innovative capacity of voluntary organizations in England. Secondly, it will explore the utility and significance of organization studies theory for understanding and analyzing voluntary organizations. In particular it will explore the extensive sub-literature of organization studies theory concerned with both innovation and innovative organizations.

However, this will not be a one-way process. Much of this sub-literature has been developed from the study of for-profit organizations operating in a competitive environment. This thesis will also consider therefore the potential contribution to organization theory from the study of voluntary and non-profit organizations. Finally, it will offer a conceptual model developed from an integration of the above two contributions, through which to understand the causal factors and processes involved in realising the innovative potential of voluntary organizations. It is as well to point out that this is not a wholly academic exercise. This research will have important considerations for both practicing managers in voluntary organizations and for public policy makers and managers.

Deutch (1985) for one has argued that this field of research has great significance to offer to the development of our understanding of contemporary society:

> 'Innovations and innovation theory have now emerged as major potential modifiers of social and political theory...Innovation is not just a special marginal subject for a few specialists. It is becoming of critical importance in our thought about the social political economic and cultural development of modern industrial society, and of the information society that may now be emerging.' (p. 19)

This thesis is intended as a contribution to this debate and development.

CHAPTER ONE. CONCEPTUALIZING

VOLUNTARY ACTIVITY

Introduction

'The good life is an activity not a receptivity; a doing of things spontaneously for the good of the community and the satisfaction of the social instincts in man.....Destroy, even check unnecessarily, instincts for self expression and self realisation which freedom of speech and freedom of association ... have made possible and we sap the very life stream of the community. It is a spiritual issue which is at stake. It is in a freedom of the spirit that the real energy source lies, in energy, which can transform the material world as a means to the end of the good community...

Voluntary action is experimental flexible progressive. It can adjust more easily than the statutory authority, its machinery and methods to deal with changing conditions and with diversity of cases. This capacity for experiment, for trial and error, is one of the most valuable qualities in community life.' ['Forward' by Dr Adams, written in 1948, to National Council of Social Service (1970)]

This chapter will develop a conceptual framework within which to understand organised voluntary activity and clarify briefly some definitional issues. It will then

focus more specifically upon organised voluntary activity and will summarise briefly the nature and extent of such organized activity in Britain.

At the outset, two points should be emphasized. First, the focus here is upon voluntary activity in *contemporary Western society*. It does not attempt to examine the differing roles or principles of such effort in more diverse societal settings, such as in developing countries, or in post-communist Central and Eastern Europe. Secondly, in this initial section, the term *voluntary organization* will be used as shorthand for organized voluntary effort, without prejudice. The second section of this chapter will explore this term further.

Developing a typology of voluntary activity

The quotation prefacing this chapter encapsulated many of the popularly held beliefs -and prejudices - about voluntary action. It draws no distinction between individual and organized voluntary action, and assumes an altruism and innovativeness which is contrasted to the vested interests and bureaucracy of the statutory services. This mixture is then posited as 'one of the most valuable qualities in community life'.

It is possible to discern the mixture of three different conceptual strands within this mixture. The first is that of a free society, where individuals act together in common cause and where state action is seen as, at best, a necessary evil to be held in check, and at worst an unnecessary and unnatural block on individual action. The second strand is that of individual voluntary effort to meet identified

needs. The final strand is that of organized voluntary effort. This latter strand does incorporate ideas from the first two (in that it is seen as qualitatively better than state action and as based upon individual effort), but it also has its own distinctive features.

Whilst all three of these strands are clearly intertwined and are best understood as a triad of concepts, each is distinctive, with its own parameters and background ideas. Previous work by this author (Osborne 1993a) has helped in differentiating these strands. This prior work was based upon developing the initial classification of voluntary effort relationship established by Van Til in **Mapping the Third Sector** (1988). This is one of the major recent contributions to the understanding of voluntary organizations, though the particular concern here is his attempt to separate out the above three strands for analysis. He commences with a statement of the core principle of each of these strands, before offering both an empirical basis and normative conceptualization of it. The full typology is reproduced in Figure 1.1.

This approach to the conceptualization of the voluntary ethic is a useful one. It helps separate out the differing strands of the concept and makes explicit their empirical and normative implications. However the approach is not taken through as far as it might be. The starting point of the typology is 'individual action', and its first two components seek to differentiate two types of such action, before moving onto its organized form. This approach is deficient in that it excludes the concept of *voluntary action,* as a societal principle, from its

analysis. Yet this is a conceptualization of the voluntary ethic at its most fundamental and one which is found to run through both of the other strands, of individual and organized voluntary action.

In order to include this fundamental concept, it is therefore necessary to develop further this typology. This is done in Figure 1.2. In addition to clarifying more clearly the concepts involved, the distinctions within the typology have also been refined to better delineate the three strands. This typological development thus allows the specification of the focus of concern of each conceptual strand, its normative goal (or 'ideal state'), and the background theory informing its conceptual construction.

It will be useful here to explore the concepts in figure 1.2 in more depth. The first, *voluntaryism*, refers to the societal principle of voluntary action as a building block for society. At one level it links back to the voluntaryism of the Church and reminds us that religious inspiration has often formed the basis for early voluntary action. Indeed some, such as Collins & Hickman (1991), argue that this is the basis of the distictive contribution of voluntary activity to society.

At another level though this concept has as its ideal state a society where all action is freely chosen, and can be characterized as the *free*, or *active*, society (the term *voluntary* society has also been used by some authors in this context, but this is to be reserved here for specific usage, in connection with voluntarism). The actuality of such a free society has been well articulated by Schultz (1972):

Figure 1.1: Typology of Voluntary Concepts I (Van Til 1988)

Core Principle	'Individual action not coerced...	...and deemed beneficial...	...and organized.'
Empirical Form	voluntary action	volunteering	voluntary associations and non-profit corporations
Normative Concept	freedom	volunteerism	voluntarism

Figure 1.2: Typology of Voluntary Concepts II (Osborne)

Concept	Voluntaryism	Volunteerism	Voluntarism
Focus of concern	Relationship of individual and society	Individual action in society	Organized action in society
Normative statement	Free ('Active') society	Voluntary society	Plural society
Background Theory	de Tocqueville Etzioni	Titmuss Horton-Smith	Berger & Neuhaus Gladstone

'...a society which achieves a high level of social integration but does this with minimum reliance on force and money as organizing principles ...Voluntarism (sic) is one of the goals of such a society as it is also a means which is employed to establish and accomplish societal priorities, and to define and solve societal problems.' (pp. 25-26)

The origins of voluntaryism as a societal principle can be found in the liberalism of the eighteenth and nineteenth century, with its emphasis on individual action and its antipathy to state action. The clearest statements of these roots are found in the writings of de Tocqueville (1835, reprinted 1971) on his experiences in America. He identified the principle of voluntary association as an essential component of a civilized society. This theme has been taken to its logical conclusion in the more recent writngs of Etzioni (1961; 1968) who posits a society based upon this principle of voluntaryism.

The second concept, **volunteerism**, combines both of the first two core principles of Van Til, of 'individualism not coerced' and 'deemed beneficial'. The focus here is upon the *individual* action involved. It encompasses the reality of individual action in society. In ideal terms it is the principle of voluntaryism applied to everyday affairs. Thus it can encompass the establishment of a business and the committing of adultery, the joining of a club and the decision about what to have for dinner.

Some, such as Gamwell (1984), see a key link between voluntaryism and volunteerism, the latter being the cornerstone of the 'free society' of the former.

Others take a more prosaic view of it, concerned with personal voluntary action aimed at the benefit of others. Darvill & Mundy (1984) provide what could be called the archetypal definition of a volunteer, as a person:

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

The complextites of this concept need not detain further here, but are explored in greater detail in Osborne (1993a).

The final concept of this triumverate is that of **voluntarism**, and this corresponds to the 'organised voluntary action' of Van Til. In moving on to the concept of voluntarism, we are moving to the central concerns of this thesis. With voluntarism, the focus shifts to the organizational and institutional level of analysis. It is necessary at the outset to draw a vital distinction between this and individual voluntary action. Whilst it is true that voluntary organizations may well contain volunteers, it is a mistake to see this as their defining feature. It is also a mistake which is commonly made; for example the recent study of the funding of voluntary organizations in Britain by central government, carried out by the Home Office (1990), made great play of the cost benefits of volunteer labour and maintains an assumption that voluntary organizations are also organizations deriving a significant amount of their strength from volunteers.

In fact, volunteers can play a full or a minimal role in voluntary organizations but this is not the key determinant of voluntarism. It is not individual action which this concept focuses on, but upon the voluntary *organizational* characteristics of the bodies concerned. It is these characteristics which define the *voluntariness* of an organization or structure. They were well summarized half a century ago by Bourdillon (1945a). The essential characteristics of such an organization were not the products of its labour, she contended,

> '...but of their mode of birth and method of government. a voluntary organisation properly speaking is an organisation which, whether its workers are paid or unpaid, is initiiated and governed by its own members without external control. Such a body may well undertake work on behalf of a statutoryauthority, but if it is to qualify as a voluntary organisation it is essential that it should select or cooperate in selecting what that work shall be and how it shall be done.' (p. 3)

This formulation of voluntarism also denotes a commitment to *self-regulation*, as has been identified by many social historians. This is especially to be noted within such 'representative' organizations as trade unions and professional associations. This view was explored in detail at an early stage of this century by the Webbs (1911). Voluntarism, as a normative concept, views voluntary organizations as the essential elements of a free society, and harks back to the emphasis of de Tocqueville on the importance of association as the cornerstone

of civilization. This conceptualization sees society as a 'rich stew', which the diversity of voluntary organizations reflects (Cornuelle 1983).

Within Western society, such voluntarism is often espoused as an essential component of democracy by allowing sectoral and minority interests to have a voice, by keeping a check on the state, and by adding to diversity in service delivery (see for example the report of the Finer Committee - US Department of the Treasury 1977). In its ideal state it posits a wholly plural society, where each sector has a voice and where there are multiple sources of public services. This ideal version of voluntarism once again makes explicit the underlying concept of voluntaryism in organized voluntary activity. The key proponents of this argument are Berger & Neuhaus (1977), with their view of voluntary organizations as 'mediating institutions' in society, and Gladstone (1978) with his view of these organizations as providing a diversity and choice in public services not to be found in governmental ones.

This ideal version of voluntarism, with its belief in a plural society, and antipathy to the role of the state in society, has its critics. They have argued that it ignores its 'dark side' (Van Til 1988), lacks a structural analysis of the distribution of power within society. In its ideal form, pluralism requires an equal distribution of power with society (Brenton 1985), and ignores some of the drawbacks of service delivery in a plural society in service delivery (Salamon 1987).

In spite of these critiques, voluntarism has become a powerful concept in the late twentieth century in the Western world, as the modern states have been perceived to have failed in their tasks of achieving social justice (it is also gathering an increasing impetus in the developing world and in post-communist Eastern and Central Europe, as a core component of the *civil society*, see for example, Fisher 1993, and Les 1994). Voluntarism, it seems, may well be an idea whose time has come. This makes the understanding of the parameters of its key organs, voluntary organizations, even more essential. It is to this task that the remainder of this chapter is devoted.

Defining organized voluntary activity

This chapter began by agreeing to use the term **voluntary organizations** to denote organized voluntary effort but made the point that this term would need to be explored further at a later stage. That stage has now come. There are a number of ways of describing organized voluntary effort in contemporary Western society, both in terms of individual organizations and of the sector as a whole. These include as *charities and philanthropic organizations* (Butler & Wilson 1990; Gurin & Van Til 1990), as *non-profit organizations* (James 1990; Salamon & Anheier 1994), as *non-governmental organizations* and *para-governmental organizations* (Cousins 1982; Hood 1984) and as *'quangos'* (Pifer 1975, 1985; Barker 1982).

Each of these terms has its strengths and limitations, and again these have been discussed further in Osborne (1993a). However, for this study, it is argued that the term voluntary organization is the most useful. It is the one which will allow the focus of this thesis to be upon the contribution of organization studies to the understanding of these organizations, by focussing the analysis on their organizational and institutional characteristics.

In doing so, however, the contribution of the recent work by Salamon & Anheier (1994; see also Anheier 1995) and their colleagues in the Johns Hopkins Comparative Nonprofit Sector Project has to be acknowledged. Although using the term *non-profit* their focus was upon the organizational characteristics of such organizations. These characterisitics were that they

* were formally constituted organizations;

* were private organizations, and separate from government (though they could receive governmental support for their work);

* were non-profit distributing, to their owners or directors;

* were self-governing and 'equipped to control their own activities'; and

* had some meaningful voluntary content, such as voluntary income, volunteer labour or voluntary management.

2 8

This is an important approach and one which goes beyond the basic *non-profit* definition to embrace the organizational dimensions.

The approach taken here, therefore, will be use the term voluntary organization to denote organized voluntary activity, but to draw upon the insights of the Johns Hopkins project in doing so. By applying these insights it is possible to subdivide the two organizational characteristics of voluntary organizations described earler by Bourdillon (1945a) into five, to give a more explicit understanding of this phenomenon. Morover, it is suggested that by placing this definition within the context of this wider definitional debate, it provides it with a degree of construct validity which belies the concerns of Anheier (1995) about its humble operational pedigree.

First, voluntary organizations must be *formally structured*. The extent and nature of this formalization can vary (from having an agreed constitution to having paid staff, for example). Nonetheless it is apparent enough to separate them out from informal gatherings and meetings.

Secondly, they should be *founded* independent of state control. They exist because a certain group of people want them to, not because there is some legislative requirement for them. The state (at either a local or central level) may have a role in encouraging such organizations to come together but it must not be a prime mover, either by legislating to form such organizations or by being a majority force in its founding membership.

Thirdly, voluntary organizations should be *governed* by a management committee which is able to decide its own composition, either at the behest of its membership or by its own decisions, and have independent decision making capacity. Again, they might share this capacity with government but cannot abnegate it entirely.

Fourthly, they have a distinctive pattern of *financial management.* Voluntary organizations cannot distribute any surplus acrued by their, mission critical. activities, but must re-invest it in services. They are also differentiated from statutory organizations by having voluntary income which is not raised through taxation.

Finally, the *motivation* of a voluntary organization should not be based upon financial gain, but rather should hold some normative *voluntary* value. In this there is a clear echo of the 'public benefit' clause of the legal definition of a charity. However, it is wider than this, in that it includes activity which has an element of self benefit (such as self help groups), but which are excluded under charity law. It is important to emphasize that the nature of this voluntary content can vary. It may mean the participation of volunteers in the fund-raising, management or service-delivery activities of an organization, for example, or the presence of voluntary funds for the organization.

Such a definition is broad enough to include the wide range of truly voluntary organizations, whilst excluding those organizations which, although non-profit

making or non-governmental, do not derive their mainspring from voluntarism. Private hospitals are a good example of the former and many Housing Associations of the latter. Moreover it does not draw impermeable boundaries between voluntary and other types of organizations, which boundaries have becoming increasingly blurred. Leat (1995) for example is presently exploring the similarities between voluntary and for-profit organizations, whilst other authors have questioned their independence from the state, as governmental funding becomes an essential part of their core funding (for example Pifer 1975). The definition proposed here has the advantage that it is to allows exploration of some of the inter-sectoral issues raised by the terms non-profit and non-governmental organizations, by reference to the four imperatives outlined above. As Anheier (1995) noted above, such an ability to differentiate is needed increasingly, if we are to make sense of contemporary Western society, and the role of organized voluntary activity within it.

As an example of the way that the above overall definition can be used to highlight key commonalities and differences between different types of voluntary organizations, it is instructive to compare what Kramer et al (1993; see also Billis 1991) call voluntary *associations* and voluntary *agencies*. The former is a more informal type of organization, usually relying upon its members for its activity. The latter, by contrast, is

> '...more formalized, bureaucratic, and employs paid staff to provide a continuing service to a community...While these two organizational forms

share many values, norms, and interests...when voluntary agencies enter into the world of social service provision, they become more subject to the influence of governmental policy, financing, and regulation.' (p. 173)

Both these organizational types exist within the overall field of voluntary organizations. However, each has, for example, different characteristics, as outlined above, and different issues to confront. These issues and challenges are exposed by use of the definition and its component dimensions outlined above.

The scope and characteristics of voluntary organizations

Having decided upon the appropriate terminology, it is now necessary to look at the scope of the activity which we have thus defined. O'Neill (1989) is in no doubt about this in America. He estimated that his 'Third America' actually employs 7% of the American workforce, and accounts for 6% of the GNP (in 1986), whilst its total assets amounted to over 506 billion dollars (in 1987).

The size of the voluntary sector in the UK is smaller, but no less impressive. A major recent study of the income and expenditure of the voluntary sector in the UK has provided a similar estimate for this country. This study estimated its income to have been £9,094.3 million and its expenditure to have been £8,498.5million in 1991, or 1.6% of GDP (Osborne & Hems 1995; 1996).

The range of voluntary organizational activity is equally diverse. In America, the National Center for Charitable Statistics (1986) lists twenty six types of tax exempt activity (based upon the categories of the American IRS), each one of which is itself split down into numerous sub-divisions. Even the more limited classification of the British Charity Commission (concerning charitable work alone) lists ten categories of activities (Bennett 1983). Finally the International Classification of Nonprofit Organizations (ICNPO), of the Johns Hopkins Project, differentiates between one hundered and forty five types of activity, across twenty seven major categories of activity (Salamon & Anheier 1994).

This organizational diversity has led some to question whether it is possible to speak of a cohesive societal sector comprised of voluntary organizations (the 'voluntary sector'). A range of studies have come down against such a sector, on the grounds that it obscures and masks the diversity of the organizations within it, as much as it illuminates any common characteristics (see for example, Hatch 1980; Brenton 1985; Kramer 1990). Most recently, Leat (1995) has argued also that it fails to recognise the similarities between voluntary organizations and other forms of organization.

Others have suggested that, if sectoral analysis is to be employed then it is best approached through the concept of a *Third* or *Independent* Sector counterposed to government and business (for example Seibel & Anheier 1990). However this approach is problematic in that, on the one hand, it over emphasizes the independence of voluntary organizations from the other sectors rather than their

increasing interdependence. On the other hand it coalesces voluntary organizations together with neighbourhood and informal groups in a way which belies their differentiation; in doing so it risks the distinctive characteristics of both voluntary organizations and community and neighbourhood groups in a way unhelpful to the understanding of both (Abrams et al 1989; Chanan 1991).

Because of these difficulties some analysts have proposed to differentiate further the sectoral analysis suggesting a five or even seven sector model (see Horton Smith 1991, for the former; and Caiden 1982, and Schuppert 1991, for the latter). Such multi-sectoral approaches, however, disaggregate the components of analysis to such an extent as to question whether the effort is really worth it. Thus it returns one to the concept of the separate sector for voluntary organizations.

It is argued here that the concept of a voluntary sector does have its use, though within strictly defined criteria. It is essentially a descriptive rather than analytic term which draws attention to those organizations which possess the distinctive features of voluntary organizations described above. Such a descriptive term is a useful aggregation in that it describes their joint features, is able to accommodate their inter-dependence with other types of organizations (which is the reality for contemporary voluntary organizations), and does not mask their heterogeneity of their objectives and activities. To pursue more detailed analysis, however, it may well be necessary to differentiate sub-sectors of organizations from this broad category.

This latter approach will be the one adopted in this thesis. It is actually very hard to say a great deal at the general level of the voluntary sector. It is necessary to be more industry-specific, in approaching fields of organizations which share common boundaries and issues. This is the approach to be adopted here, with a specific focus upon voluntary organizations in the field of the PSS. Further research would be necessary to explore its validity for other fields of activity. The issues involved in such a task have been well summarised by Kramer et al (1993):

> 'Fields of service differ in their size, core technology, external environment (such as the extent of competition), roles, and relationship to government, all of which influence the structure and performance of (voluntary organizations)...Indeed, differences among VNPOs in various fields may be greater than those between different forms of 'organizational ownership', which are increasingly blurred...For example Knapp et al (1990) found that there were greater differences in costs among VNPOs than between them and their statutory counterparts.' (p. 171)

Conclusions

This chapter began by developing a typology of *voluntary* concepts, moving from the conceptualization of voluntary action as an organizing principle in society (voluntaryism) to its application to individuals (volunteerism) and organizations (voluntarism). This typology also drew attention to the 'ideal state' toward which

each of these conceptual principles would contribute. In the case of voluntarism, it was toward a plural society, where voluntary organizations would reflect the heterogenity of society and represent the diversity of opinions and aspirations within it as well as offering choice in service delivery. This was contrasted with the monolithic and centralist tendencies of the state, which would reduce this diversity to its lowest common denominators and provide an undifferentiated range of services.

From this clear conceptual understanding of organized voluntary effort, this chapter has gone on to argue for the continued general use of the term *voluntary organizations* rather than alternatives, such as non-profit organizations or charities. It has argued that although the analyses behind the other terms do contribute to our wider understanding of organized voluntary effort (for example by enabling us to understand their role in the allocation of resources), the continued use of voluntary organizations maintains the link between such organizations and their underlying conceptual principle of voluntarism. The key features of such organizations are their formal existence, independent foundation and governance, non-profit disiribution, and a meaningful element of voluntary motovation.

It has also been argued that such voluntary organizations can usefully be described as comprising a voluntary sector, but within three clearly comprised parameters. First that it is only a descriptive term with regard to the features defined above. It does not reflect any homogeneity in objectives or activities; in

fact these are extremely diverse. Secondly, that the sectoral model does not imply a complete independence from other sectors of society, such as business or governmental organizations. The reality is one of interdependence. Thirdly that it is not possible to ascribe organizational characteristics to the sector as a whole. Rather these need to be used in a targeted way upon specific sub-sectoral fields, and on the basis of empirical evidence.

Inevitably, it has not been possible to cover the entire literature pertaining to voluntary organizations, though more detailed discussions can be found in Osborne (1993a, 1993b). Rather the intention has been to provide an over-view about organized voluntary activity, and which will provide a framwork within which to discuss the more specific concerns of this thesis. It is to these concerns that we must now turn.

CHAPTER TWO. THE INNOVATION

LITERATURE REVIEWED

This chapter of the thesis is intended to review the key literature about innovation. Its starting point will be the a review of the organization studies literature upon the nature of innovation. This will be followed by a discussion of some other key conceptual developments in this field, which it is argued may be of use in the subsequent chapters of this thesis. It will continue with an exploration of the social administration and social policy literatures about the role of voluntary organizations in innovation and about innovation in the PSS. A final section will bring these literatures together to highlight the key research questions for this thesis.

This latter task of integration is an essential one. Over a decade ago, Knokke & Prensky (1984) noted the lack of attention that organization theory had given, and continued to give, to voluntary organizations. More recently, in an excellent review of the field, Paton (1993) has lamented the dearth of material which applies organization theory to the study of voluntary organizations:

'...although the amount of (such) work has increased noticeably in recent years, this is not a substantial body of work, and the amount of "proper research" in particular is very limited. To some extent, this simply reflects the absence in the UK of an indigenous management research tradition, and a long-standing preference on the part of funders to support policy

studies...But another reason for the limited amount of work is the fact that few mature researchers have given much attention to this field...

Another weakness is the fragmentation of the work that has been undertaken. Too often, the studies that have been produced amount to statements, rather than contributions to a discussion... The most obvious division is between those who approach voluntary and non-profit organizations from the direction of social welfare administration, and those that approach (them) from the direction of organizational theory and management...This diversity could be a source of strength - if there was also a recognised focus and meeting ground for work on the organization and management of voluntary and non-profit organizations.'

(Paton 1993, pp 21-22)

This is not to say that such work is not being done. In the UK, for example, both Wilson (Butler & Wilson 1990; Wilson 1992) and Huxham (1991; 1993) have produced important work upon voluntary organizations from the perspective of organzation theory. Moreover, in the US such important scholars as Di Maggio & Powell (1988) and Singh et al (1991) also are now making significant contributions.

This present study is thus very much part both of the growing recognition of the relevance of organization theory to the study of voluntary organizations, and of the contribution that the study of these organizations can make to organization theory. It also exists at that very cusp of organization theory and social welfare administration which Paton identified above and which offers such rich potential for cross-fertilisation of ideas and mutual learning.

Where this study is rather more unique is in its application of the 'innovation studies' sub-literature to the study of voluntary organizations. As will be demonstrated below this has been (almost) wholly neglected in the discussion of the innovative capacity of voluntary organizations, which has been conducted largely within the parameters of the social administration literature. Yet, as this thesis will show, not only has this literature an important contribution to make to this discussion but this discussion also has the potential to contribute back to the further development of organization theory. The starting point for this process will be the organization theory literature about the nature of innovation.

ONE: THE NATURE OF INNOVATION

Introduction

'The general topic of innovation has inspired vast amounts of research, theorising, speculation, and wishful thinking. The extensiveness of the research and theorizing has been well documented ... the extensiveness of the speculation and wishful thinking is less easily documented, but nonetheless real. Innovation is advocated ... by sundry philosophers, journalists, politicians, industrialists, and social reformers.' (Kimberley 1981, p. 84)

The study of innovation has formed an important part of the social sciences since their inception. The early studies were economic ones concentrating on the role of innovation in macro-economic change, and were developed by the founding fathers of both market and Marxist economics – Adam Smith (1910) Marshall (1960) and Marx (1974).

In the twentieth century this macro-economic conception was developed further in the work of Schumpeter and Kondratiev. Schumpeter (1939) drew links between the development of the market and innovation, and emphasized the role of the entrepreneur. Kondratiev (1978) linked innovation into the cyclical pattern of macro-economic growth and development, with each cycle linked to a key invention and its subsequent innovation. Scholars in this tradition maintain that the western economies are now in the fifth Kondratiev cycle, based upon the new information technology (for example, Barras 1989).

If the studies of the nineteenth century and early part of this century had concentrated upon this macro-economic concept of innovation, the last fifty years has seen a greater emphasis upon its micro-economic implications, together with a widening of its study to include sociological political and psychological perspectives. A particular concern has been to explore the impact of this macro-economic framework upon the micro-level behaviour of individual firms and organizations. Key studies here have been those concerning the links between the competitive environment and the urge for firms to innovate in order to gain a competitive advantage (Porter 1985; Gomulka 1990), and those concentrating upon the role of innovation in the organizational life cycle (Bessant & Grunt 1985).

This approach has been an important component of the organization and management studies literature which has developed over the twentieth century. Indeed innovation is seen as such a fundamental issue in this literature that it has focussed the attention of the four great management 'gurus' of the present-day: Kanter (1985); Drucker (1985); Peters (1988); and Adair (1990).

This section will review this substantial literature about innovation from the organization studies and management fields. It will commence by reviewing attempts to define innovation and to differentiate it from invention. It will then go on to examine the nature of innovation. In particular it will discuss the need for a conceptual typology of innovation and link this to the perceived attributes both of innovation and of innovative organizations. It will also highlight the three most

significant hypotheses about the causal factors which produce innovative capacity (that it is a function of their structural characteristics, their internal environment or their external environment). These will be linked to a fourth hypothesis (that it is a function of their institutional framework), developed in the subsequent section which provides a review of some of the wider issues in organization studies. This section will will end by looking at attempts to develop models of the process of innovation, and its management.

Defining innovation

One of the difficulties in reaching a consensus upon a definition is the sheer heterogeneity of studies of innovation. Within the purely academic sphere the extent of discussion of innovation is enormous. This author alone encountered twenty three different definitions of innovation in preparing this chapter.

One example of this heterogeneity will suffice to make the point. Within the confines of the business management literature, innovation has a range of definitions which portray it quite specifically as the key tool used by entrepreneurs to change the profit-yield of resources and to produce an advantage over their competitors:

> 'Entrepreneurs innovate. Innovation is the specific instrument of entrepreneurship. It is the art that endows resources with a new capacity to create wealth. Innovation indeed creates a resource.' (Drucker 1985, p.27; see also Heap 1989)

Contrast this with the more wide ranging definition developed by Rogers & Shoemaker (1971), and which echoes the earlier seminal work of Barnett (1953):

'An innovation is an idea, practice, or object perceived as new by an individual. It matters little ... whether or not an idea is 'objectively' new as measured by the lapse of time since its first use or discovery ... If an idea seems new to the individual, it is an innovation.' (p. 19)

Despite this diversity it is nonetheless possible to suggest four features which form the core of a definition of innovation. The first of these is that an innovation represents **newness**. Beck & Whistler (1967) argue for an absolute definition of such newness, as literally 'first-use' of a piece of new knowledge. However, most studies have preferred to use a relative definition of it, as relating to something new to a specific person, organization, society, or situation, irrespective of whether it represents a genuine 'first-use' (Knight 1967; Mohr 1969; Pettigrew 1973; and Zaltman et al 1973).

Ultimately it is wrong to see these views as alternatives. Rather they represent different forms of innovation. Kimberley (1981) brings them together by suggesting the twin concepts of *objective* and *subjective* innovation. The former is something which is significantly different from what has gone before; that is, it is, quite literally, its 'first use'. The latter is something which is seen as new to those involved in its adoption, but is not necessarily its first use; it represents the diffusion of an idea/process developed elsewhere to a new situation (and may

also involve its modification/adaptation in this process). A similar differentiation has also been made by Downs & Mowr (1976), between *intrinsic* and *extrinsic* innovation.

The second feature of innovation is its **relationship to invention**. Whilst there is a consensus that invention is the actual generation of new ideas, there is none as to whether this an intrinsic part of innovation. Urabe (1988) asserts that innovation

'... consists of *the generation of a new idea* and its implementation into a new product, process, or service... Innovation is never a one-time phenomenon, but a long and cumulative process of a great number of organizational decision making processes, ranging from *the phase of generation of a new idea* to its implementation phase.' [my emphases] (p. 3)

Although this view is supported by a number of authors (Thompson 1965; and Adair 1990, for example), it is not an unanimously held one. Other studies differentiate innovation from invention. These see innovation as being the *process of adoption or implementation of a new idea*, whereby new ideas are converted into an actual product or service (Knight 1967; Aiken & Hague 1971; and Twiss 1987). Linked to the previous point this might be either the first use of such new knowledge, or its duffusion to a new situation.

Again it seems foolish to create an unnecessary counter-position here. What is clear is that innovation always involves the adoption and implementation of new ideas, and may sometimes also involve their actual invention or discovery.

The third facet of innovation is that it is both **a process and an outcome**. Whilst many studies concentrate upon its processual nature, as a process of transformation (Thompson 1965; Pettigrew 1973; Urabe 1988) it is also possible to talk of innovation as the actual product of this process (Kimberley 1981). However, the foci of these two approaches are different, and it is important to be clear which is being addressed in any particular study.

The final feature is that innovation must involve **change or discontinuity**, both in terms of the transformation of an idea into actual reality, and also in terms of its impact upon its host organization (Wilson 1966; Nystrom 1979; and Robert & Weiss 1988). The key here is to differentiate *developent* from *innovation*. Both are forms of organizational change and both, over time, can lead to significant changes in the configuration of an organization and/or its market. However, organizational development occurs within the exisiting product/service-market paradigm. Neither of these is changed, but one or both of them may be modified and developed over time. With innovation, by contrast, there is change in this paradigm. Innovation leads to change occuring in the configuration of the product-market paradigm and leads to the creation of a new one. This 'paradigmic shift' changes the nature of the product/service and/or the market for it in a way that is discontinuous with what has gone before.

This issue of discontinuity is an essential distinction to make (Tushman & Anderson 1986). Whilst, in the long term, incremental change can lead to significant changes in the production process or in the nature of a good or service, these changes occur within the exisitng paradigm (the improvement in the efficiency of canals as a transport system in the late eighteenth century, for example). Innovation however, changes the prevailing paradigm (as with the replacement of canals by railways in the nineteenth century).

Pulling the threads of these four features together, it is possible to propose a general definition of innovation as

the introduction of newness into a system usually, but not always, in relative terms and by the application (and occasionally invention) of a new idea. This produces a process of transformation which brings about a discontinuity in terms of the subject itself (such as a product or service) and/or its environment (such as an organization or society).

Classifying innovation

As with definitions of innovation, the organization studies literature is not short of typologies for classifying innovation. The focus in this chapter will be upon the five most common classifications. Whilst this might not be entirely exhaustive, it does cover the most important approaches.

The simplest typology classifies innovation according to its original impetus. Thus innovation is classified as resulting from either *research push* (that is, from the development of an innovation on the basis of research) or *market pull* (that is, from the development of an innovation on the basis of marketing analysis). Although useful in explicating the origins of innovation, this typology is limited in its usefulness. As Freeman (1982) has noted, push and pull factors are often both involved in the origin of an innovation. Consequently, it is important to understand the relationship between them, and more recent work by Burgelman & Sayles (1986) has begun to explore this inter-relationship. Moreover, it has an implicit assumption in it that invention is an integral part of the innovation process. As we have seen above, this is not always the case.

A second typology also focuses on the origins of innovation, though this time at an organizational level. This approach derives from the work of Cyert & March (1963). They argue that innovation can be classified as either *distress innovation* (arising because an unsuccessful organization needs to change to avoid extinction) or *slack innovation* (arising because an organization is successful, and so has sufficient surplus resources to carry the risks of innovation).

This approach is useful because it does focus attention upon the resource issues involved in innovation and relates them to their organizational context. However, its environmental analysis lacks sophistication; for example, it takes no account of other environmental factors which might stimulate innovation, such as a shift in the prevailing public policy paradigm (Rothwell & Zegveld 1981). At the

organizational level it also, once again, presents a dichotomous typology. It fails to allow for the analysis of innovation by organizations not in either of these extreme situations.

The third approach to a typology is based upon the perceptions of the beneficiaries or users of an innovation. In one of the smaller number of studies of innovation iin public organizations, Daft & Becker (1978) make the important point that innovations are not an homogeneous group of entities but can have a range of different attributes. Which of these will be emphasized will depend upon the perceptions of the most significant stake-holders. Different groups will emphasise different of these attributes. Thus, in analysing the development of a new teaching programme, they show how its innovative content could differ dependent upon which group (students, teachers, administrators) was most influential in its development.

This approach is developed further by Von Hippel (1978; 1982). He adopts a *cui bono* ('who benefits') approach, similar to that of Blau & Scott (1963) in their analysis of formal organizations. In particular he looks at the differing level of benefit to be achieved by the user and the manufacturer of an innovation, and argues that ultimately it is the perceptions of the beneficiaries which are most telling in defing the nature of an innovation.

It is perhaps unfair to describe this approach as a true typology. It has not been developed so formally. Nevertheless it is an important contribution to

understanding the different types and perceptions of innovation, by concentrating attention upon the producer-user/beneficiary relationship.

The fourth approach is probably the one adopted most commonly. This to classify innovation by its outcome(s). The usual framework is to look at whether the innovation is one which is a genuinely new *product* or *service* for the end-user, or if it is a new *process* for producing existing products and services (Bessant & Grunt 1985). Some studies have specified a wider range of outcomes. Knight (1967) adds organizational structure and personnel innovation to product and process; Starkey and McKinley (1988) add work organization and management innovation to them; and Zaltman et al (1973) are most ambitious, creating five types of innovation: product, process, organizational, personnel and policy. At its simplest, this product-process way of classifying innovation has the benefit of simplicity, and additionally draws attention to one of the core characteristics of innovation identified in the previous section (that is, whether is is a process or an outcome).

A more ambitious development of this kind of typology is where classification upon the basis of product and process innovation is employed as the starting point for a larger model of the process of innovation as a whole. In this model, product innovation is seen as *radical* innovation, which represents true discontinuity with the past and which redefines the organizational environment. Abernathy & Clark (1986) call this 'creative destruction', because it allows a qualitative jump forward in product definition which can render all existing

organizational competencies obsolete. Process innovation, by contrast, is seen as *incremental*, which provides continuity with the past by refining existing organizational competencies for more efficient production. In this sense, this classification is a way of differentiating between true innovation and organizational change.

A further version of this model links these two processes together with the life cycle of organizational development. Radical product innovation is thus linked to new industries and firms, where technological jumps are being made. By contrast, incremental process innovation is linked to established industries and firms, where efficiency and profitability can be developed by refining existing product processes (Holloman 1980; Urabe 1988). This approach to classification is found in its most developed form in Bessant & Grunt (1985).

As with the typologies discussed previously this approach has its strengths. It draws the links between innovation, its organizational environment, and its impact upon that environment. However, whilst the process-product dicholomy can be useful, when used in isolation, it does have draw-backs. It forces one to focus on one or the other, when in fact both might be of interest. As noted above, an inherent characteristic of innovation is that it has both a processual and an outcome content. This typology obscures this important point by making them alternatives.

The life cycle model is also often too static and linear in in its presentation. At one level it confuses the discontinuity of innovation with the incremental development of organizational change. As Herbig (1991) has noted, no matter how incremental an innovation might be across an industry or sector as a whole, for the individual firm its impact is to produce discontinuity, marking a break from its practices of the past. Abernathy et al (1983) have also made the important point that this life cycle is not a one-way process; it is possible for industries and firms to *de-mature* and to revert to an earlier stage of this life-cycle.

Abernathy & Utterbach (1988) make the point that a particular innovation can be a product innovation for one company (which perhaps produces a new machine) but a process innovation for another (which uses this machine to change its production process). This does not mean that the distinction is unimportant. On the contrary, it can be extremely inportant to explore the differing impacts of an innovation upon its producers and end-users. However, as a means of classifying innovations in a mutually exclusive way, it has clear limitations.

The final approach to classification of innovation is in many ways the most satisfying. This derives from the work of Abernathy. Initially, Abernathy (1978) also adopted a linear life cycle model, though he took this a stage further by integrating concepts, from Burns & Stalker (1961) of organic and mechanistic organizations (which concepts will be discussed further below), the former being linked to radical innovation and the latter to incremental innovation.

However, in Abernathy et al (1983) he moves away from this linear and positivist view of industrial development, and argues that it is possible for organizations to *demature*, to move away from the standardised mass production of a mature company, with an emphasis upon process innovation, and once more embrace diversity of product production, with a reasserted emphasis upon radical innovation. This de-maturity, he argues, could frequently be brought about by a major change in the environment of an organization.

Developing from this more dynamic, and satisfying, analysis of the organizational life cycle, Abernathy et al go on to develop a two dimensional typology of innovation, based upon its impact both upon the production processes of an organization and upon the existing markets and users of a product or service (Figure 2.1). Thus, architectural innovation changes both the markets for a product or service and its production (the classical radical innovation). Regular innovation, by contrast, refines existing production processes and markets (incremental innovation). Niche creation innovation is one which preserves existing production competencies, but creates new markets and users for a product or service, usually by re-packaging or re-marketing it. Finally, revolutionary innovation applies new technology to the production process for existing products and markets, creating an efficiency gain.

FIGURE 2.1

Typology of Abernathy et al of innovation (1983)

```
                                    High
        Niche
        Creation
                                                        Architectural
                                    (Creates new
                                    markets)
                (Conserves existing              (Destroys existing
     Low          systems)                            systems)
         ─────────────────────────────┼──────────────────────── High
                                    (serves existing
                                        markets)

        Regular
                                                     Revolutionary

                                    Low
     x axis - Impact of innovation on the production systems
     y axis - Impact of innovation on the market
```
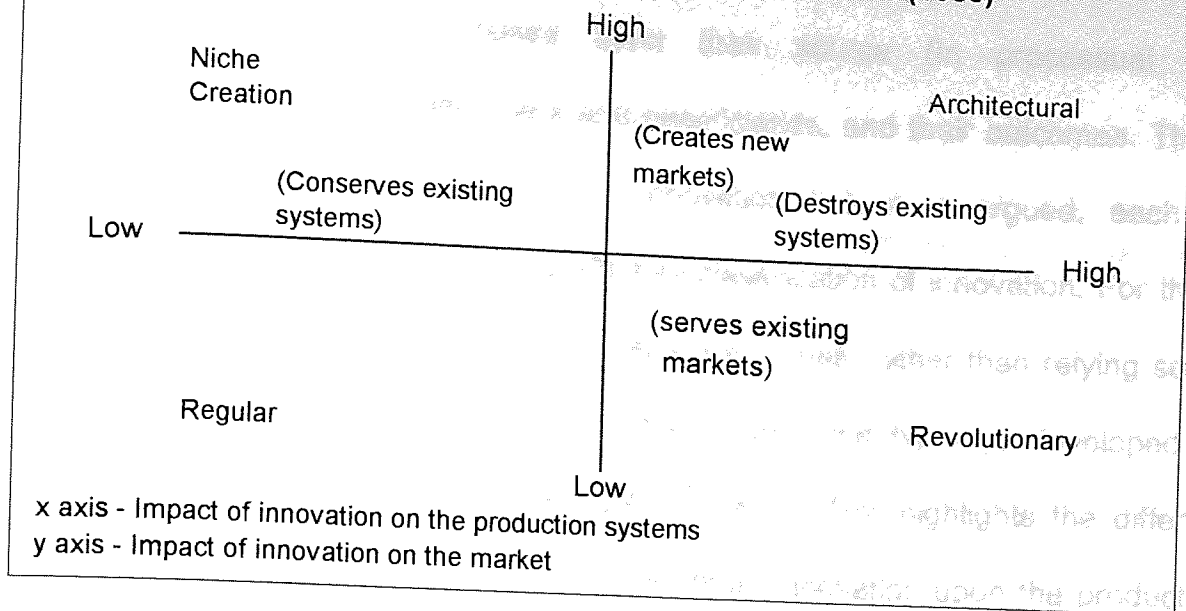
This approach is important because it does not treat product and process innovation as separate entities but rather explores the relationship between the two, as it does between the producers and end-users of a service or product. It disaggregates the concepts of *product* and of *process innovation* to explore their relationships with the user group of an innovation, as well as with each other. Nor does it necessarily link one type of innovation to a specific point in the life cycle of an organization. Instead it allows for this cycle to, quite literally, be cyclical, and encounter the same conditions again, if in a different plane. Further, it allows the issue of discontinuity and continuity to be explored, in terms of the impact of a new process or product/service, thus allowing true innovation to be differntiated from organizational development. For these reasons, this classification is a qualitative move forward, away from the traditional linear ones described previously.

In summary, then, this section has reviewed a number of approaches to classifying innovations, based upon their source (in processual and organizational terms), their users and beneficiaries, and their outcomes. These all illuminate important aspects of innovation but, it is argued, each by themselves does not supply a satisfactory classification of innovation. For this it is important to examine some of the relational issues, rather than relying solely upon one-dimensional typologies. In this context, the typology developed by Abernathy et al is felt to be the most satisfying. This highlights the different relationships possible between the impact of an innovation upon the production of goods or services of an organization, and upon its impact upon its actual and potential users and beneficiaries.

The characteristics of innovation

'The reason why innovation theory does not easily tell us what we want to know... is that there is a failure to pin-point precisely what our questions are. It turns out that one cannot simply wonder about innovation and have all of one's curiosity resolved by a compact, unified, parsimonious collection of theoretical statements. Social scientists have tried to develop many of these statements, but they tend to answer different questions, if any at all, and do not easily connect with one another'.(Mohr 1987, p. 13)

Zaltman et al (1973) make an important distinction in differentiating the attributes of *innovations* from those of *innovators* .This section therefore will

review the literature with regard to the characteristics of innovations, followed by the process of innovation and its management. The following section will then move on to examine the key issues in relation to the innovators.

*The attributes of innovations.*These are explored in most detail in the studies of Rogers & Shoemaker (1971) and Zaltman et al (1973). The former study details five optimal attributes which it argues that users of an innovation require, in order for it to be successfully adopted (relative advantage over what preceded it, compatability with existing technologies/skills, ease of comprehension by end-users, trialability, and the observability of its results and achievements). The latter study lists nineteen dimensions along which the success of an innovation can be evaluated. They take a contingent approach to these dimensions and stress that it is important in any given situation to differentiate between which of these are the necessary attributes of a successful innovation and which are of secondary importance. Finally, Daft & Becker (1978) combine this latter approach with a typology of innovation outcomes, to develop a matrix for the analysis of successful innovation.

Like many of the approaches to classifying innovation discussed in the previous section, these approaches to the attributes of successful innovation have been criticised for their over-rationality. Clark (1987) argues that existing studies have been dominated by economics and have also concentrated upon isolating variables rather than upon highlighting their relationship to each other. Clark & Stanton (1989) further argue that the process of the transformation of knowledge

has been neglected by concentrating upon the intrinsic attributes of innovations. They also contend that such a attributional approach to innovations assumes that they are an homogeneous group of entities. In fact they argue that they are heterogeneous 'bundles of elements', which need a dynamic and relational rather than a static and discrete analysis.

Another criticism of the study of the attributes of innovations is the inherent assumption that innovations must be good. Indeed, the role attributed to innovation in market economies is almost that of a normative good. As will be seen below, innovation is assumed to be a key linkage between a competitive environment and the behaviour of individual firms (Drucker 1985; Porter 1985). This is especially true of the influential work of the 1980s of Tom Peters (Peters & Waterman 1982; Peters & Austin 1985; Peters 1988). However other critics have taken issue with this assumption. Knight (1967), Rosner (1967), and Kimberley (1981) had all previously argued that it is possible for innovations to have negative effects both upon their adopters and upon society in general. For firms, innovations can be expensive to develop and they risk being prey to imitators who copy (and improve) their innovations, whilst not risking the development costs. Similarly, for society an innovation can have immense social costs (in terms of pollution, for example), despite any economic benefits. This latter point has led Mole & Elliot (1987) to argue for the importance of public control of innovations, to limit their social costs.

Finally Van de Ven (1988) has also argued against the positivism implicit in many studies of the attributes of innovations, which assumes an implied link between goodness and usefulness:

> 'Innovation is often viewed as a good thing because the new idea must be useful - profitable, constructive, or solve a problem. New ideas that are not perceived as useful are not normally called innovations: they are usually called mistakes.' (p. 105)

To conclude, the studies of the attributes of innovations do have some insights to offer. They do, for example, draw attention to the dimensions involved in their successful adoption. However it is not possible to use these dimensions in a mechanistic predicative way - Zaltman et al (1973) are right to point out the contingent nature of these attributes. Moreover there is an assumption of an inherent benefit in innovation which belies its potential costs. These include lost opportunities to develop in other directions and the costs to firms of the actual process of innovation, as well as their possible social costs. These more negative aspects of innovation also need to be taken into account in developing a more rounded view of it.

The process of innovation. The study of the process of innovation is one with a great lineage, as is made clear from this quotation in Rogers & Shoemaker (1971):

5 2

'The innovator makes enemies of all those who prospered under the old order, and only lukewarm support is forthcoming from those who would prosper under the new... because men are generally incredulous, never really trusting new things unless they have tested them by experience.'
(Machiavelli, quoted on p. 174)

Traditionally, innovation has been viewed as a linear process. This view is well characterised by Mole & Elliot (1987):

'The innovation process typically involves a series of stages ranging from the idea of invention, through the product design, development, production, and adoption or use.' (p. 14)

Other studies have challenged this linear model. As early as 1966, Wilson argued that the process was not linear but cyclical, with key feedback points within it. More recently Pelz (1985) and Clark (1987) have also argued against a linear model as being too static and one-dimensional. Rather they argues that it is multi-dimensional and multi-directional.

However one models the entire process, though, it is agreed generally that three dimensions are involved in it: an optional one of invention, and two essential ones of implementation, and diffusion.

Invention. The invention stage is, as the earlier discussion suggested, an optional stage. Innovation can often mean solely the application of new

knowledge rather than its 'invention' or discovery. This is an important activity in its own right, nonetheless.

As discussed earlier, one of the key arguments in the literature is whether the generation of new ideas is pulled by 'pure' research (Burns & Stalker 1961), or 'pushed' by market and consumer demand (Von Hippel 1978, 1982). Inevitably, perhaps, recent studies have synthesized both the above perceptives, arguing that both have a role. In particular, Abernathy et al (1983) have argued for an understanding of the source and impact of inventions in relation to both new knowledge and the market.

Implementation. This is often seen as the core of innovation, involving the introduction and adaptation of a new idea within a new environment. Four interlinked factors are identified in the literature as important to an understanding of this stage. The first is the organization itself. Research has suggested that different organizational characteristics are appropriate to different stages of the innovation process; whilst an open decentralised organization is required for the generation of ideas, a hierarchical and centralized one is more effective for their implementation. This analysis has been supported by Normann (1971), Aiken & Hage (1971), and Rowe & Boise (1974). The issue here is the relationship between the open communication required in the invention stage and the management direction needed in the implementation stage, which often involves negotiating opposition to change. A separate but linked analysis concerns the relationship between efficiency and innovation within organizations and the

extent to which it is possible to achieve both these organizational states simultaneously (Heap 1989).

The second factor is the importance of an organizational environment committed to innovative change. The key factor here is the development of organizational values and an organizational environment which encourages and stimulates innovation (Starkey & McKinley 1988).

This links into the third identified characteristic, which is the role of individuals in the process of implementation. Again, as previously noted, individuals can operate at different levels. Schon (1973) and Knight (1987) both point to the role of the product champion in managing the implementation of a new product or service. By contrast Hage & Aiken (1967), Hage & Dewer (1973) and Hage (1980) all emphasise the role of senior management as providing leadership and innovative values for the innovative organization. These issues will be discussed further below, in the section on the characteristics of innovating organizations.

The final factor in the implementation stage is that of its micro-process within the organization. Here the debate centres on whether this is predominantly a rational or a political (i.e. inter-personnel) process. Carson (1989) and Adair (1990) make a case for a wholly rational approach to it, in which the implementation of innovation is rigorously planned. However, this is strongly challenged by a number of empirical and theoretical studies (notably Kimberley

1987; Golden 1990; and Frost & Egri 1991). The case is most strongly made, though, in the seminal work of Pettigrew (1973):

> 'Political behaviour is likely to be a special feature of large scale innovative decisions. These decisions are likely to threaten existing patterns of resource sharing. New responses may be created and appear to fall within the jurisdiction of a department of individual who have not previously been a claimant in a particular area. This department, or its principal representative, may see this as an opportunity to increase its, or his, status and rewards in the organization. Those who see their interests threatened by the change may invoke resistance in the joint decision making process. In all these ways new political action is released and ultimately the existing distribution of power is endangered.'
> (pp. 20-21)

In the late 1980's, efforts were made to bring both these schools together, in a 'contingency' model of managing change (Beer & Walton 1987; Nadler 1988). These emphasize the importance of bringing both rational and political processes together, dependent upon the specific environmental configuration of an organizational innovation.

Whichever approach is preferred, and the preference here is towards the contingency model with its emphasis upon environmental analysis, all are clear upon the need for a positive management role. This is discussed further below, in the section on the innovators.

Diffusion. The final stage of the innovation process is diffusion. This is the means by which a specific innovation is transmitted from one user onto others, be they individuals or organizations. The key work in the study of diffusion is undoubtedly that of Rogers & Shoemaker (1971). They specify a process by which awareness of new knowledge is followed by persuasion by its proponents and its subsequent testing, to decision making. Basing their work on an extensive review of diffusion studies and communication theory, they argue that the pattern of diffusion of an innovation will follow a *normal curve*, moving from the 'innovators' through to the 'laggards'. If this distribution is viewed cumulatively, rather than discretely, it forms the 'S' curve which is the basis of much analysis of individual innovation diffusion.

This detailed study has formed the basis of much analysis of the diffusion process, though it has been criticised for its over emphasis upon the role of the individual, rather than of the organization. However, some important modifications have been suggested. Three are especially important.

First, Mohr (1987) has argued that the traditional model of diffusion has excluded the importance of evaluation in the process, what makes it a cyclical process, rather than the traditional linear one. Secondly, Mort (1991) has argued against the use of *diffusion* as a metaphor for the process and instead favours *percolation*. This is because it concentrates attention upon the environment in which innovation takes place, rather than seeing it as a self contained process.

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Finally, Herbig (1991) has argued also against the 'S' *curve* as helping in understanding the impact of innovation upon an organization. He contends that this model implies an incremental continuity to the process which might well describe the diffusion process for an industry or market as a whole. However, as was noted earlier, the impact upon individual organizations within this environment is to produce discontinuity. In these circumstances he argues that catastrophe theory is more appropriate for aiding understanding of the process of innovation.

A theory of innovation?

'... innovation is not a homogeneous category. All innovations share the characteristic of newness, but beyond newness the array of innovations adopted by any organization may be a mixture of types each having different attributes ... some types of innovation ideas percolate up the organization, some are imposed from above, and other types of ideas move in both directions. The consequence of this heterogeneity is that the adoption of ideas from different innovation sub-categories will be related to different organizational and environmental factors and will follow different processes. Studying one innovation category will produce markedly different findings from the study of another category.' (Daft & Becker 1978, pp. 120-121)

This section has taken in a 'grand tour' (or perhaps 'package trip'?) of innovation, from the perspective of the organizational studies literature. It began by defining

innovation and by developing a typology of it. It then moved on to look at the characteristics of innovations before concluding by discussing the actual process of innovation.

Such a broad review is unlikely to produce closely linked conclusions. Nonetheless a number of important points do rise to the surface. First innovation is about the introduction and adoption of new ideas which produce a change in the existing relationships between an organization and its internal and external environment. Secondly, any typology of innovation needs to take account of its impact on both these environments. An example of just such a typology is that of Abernathy et al (1983).

Thirdly, the process of innovation involves an optional stage (invention) and two compulsory ones (implementation and diffusion/evaluation). Fourthly, it is essential to emphaisize the issue of *discontinuity* in discussing innovation, and in differentiating it other, more incremental, forms of organizational change.

Finally, the management of the changes inherent in innovation involves both rational and political components. The precise balance between these needs to be analyzed for any particular innovation.

The key question in concluding this review is to ask whether this literature offers a single unifying theory of innovation. The answer to this is a resounding 'no'. As will have become clear in this review, the act of innovation is a nexus of a number of heterogeneous elements. To try to bring all of these within the realms

of one theory stretches the credibility of our bounded rationality. Such a conclusion is not original, and has been well argued before (Downs & Mohr 1976; Daft & Becker 1978; Clark 1987; Mohr 1987).

However if it is not possible to construct a single theory of innovation, it is possible to develop some guidelines for its understanding. First there is a need for more focussed research within clearly defined fields of innovation. These fields should be homogeneous enough to be able to produce generalisable results (within that field) and be developed with a view to comparison with data from other fields. Again this is no new insight. A similar call was made by the SAPPHO team in the early 1970's (Achilladelis et al 1972; Rothwell 1975). The importance of defining the field of analysis to organizations with a shared environment, or niche, has also been demonstrated by the 'organizational ecology' studies of recent years (MacPherson 1988; Hannan & Freeman 1989).

Secondly any theory needs to be developed within a model of contingency, which acknowledges the situational specifics of innovation. Thus the emphasis should not be upon defining static configurations of characteristics which might define innovative organizations. Rather it should be upon developing an understanding of the relationships involved in the event and process of innovation. This is a complex task. At the very least it requires two dimensional analyses, such as those of Nystrom (1979) and Daft & Becker (1978). It could also make use of three dimensional models, such as catastrophe theory (Herbig

1991), rather than the more uni-dimensional models, such as diffusion theory (Rogers & Shoemaker 1971).

Finally the development of a contingency model of innovation theory requires a greater understanding of, and weighting given to, the effect both of the characteristics of innovative organizations and of the external environment upon innovation. This is discussed in greater detail in the next section.

In sum, this chapter has argued against the development of over-blown and over-ambitious innovation theory. In its place it calls for a series of smaller-scale innovation models, within specific contexts. These need to be based upon the contingency paradigm and in particular to acknowledge the influence of the external environment as a key variable in the process of innovation.

The attributes of innovators

In reviewing the literature, three distinct hypotheses can be drawn out, to explain the innovative capacity of an organization These are its formal structure, its internal environment, and its external environment and its relationship to this. Each of these will be examined in turn.

*Organizational Structure.*The starting point for any discussion of this factor has to be a clear conception of what formally constitutes an organization. Zaltman et al (1973) give a clear definition of the formal aspects of organization:

'.... (it is) a social system created for attaining some specific goals through the collective efforts of its members. Its most salient characteristic is its structure that specifies its operation.' (p. 106.)

Early work on the relationship between organizational structure and innovation emphasized the importance of the overall configuration of an organization. This is best epitomised by Burns & Stalker (1961) and Thompson (1965). The former, highly influential, study counter-posed the mechanistic organization to the organic one. The former relied upon highly specified and distinct organizational specialisms among its staff, with a strong vertical, line management. The latter, by contrast, had a high degree of task complexity and sharing, and with a more horizontal organizational structure with a greater degree of lateral connection. Burns & Stalker hypothesized that the mechanistic organization was most suited to stable conditions whilst the organic one was more adaptable in unstable conditions, and by implication, more innovative. This model was supported by Thompson, who contrasted the bureaucratic organization (as centralised and formalized) with the innovative organization, which possessed more participative management and freedom of communication.

'The bureaucratic orientation is conservative. Novel solutions, using resources in a new way, are likely to appear threatening. Those having a bureaucratic orientation are more concerned with the internal distribution of power and status than with the organizational goal accomplishment' (Thompson 1965, p. 5)

Following on from these studies, later ones were concerned to break down these 'ideal' types into their constituent parts, in order to examine their impact. In particular, the issues of centralization of power, formalization of roles, and organizational complexity were explored. Some of these studies confirmed the model of Burns & Stalker. Thus, for example, Hage & Aiken (1967) contended that centralized decision making did indeed inhibit the ability of an organization to innovate, whilst organizational complexity encouraged openness and the exchange of ideas.

Other studies took a more paradoxical view in their analyses, however. Wilson (1966) argued that there was a contradiction between the types of organizational required for the generation (or invention) of innovative ideas and for their implementation. The former process did indeed require open non-hierarchical structures. The latter, however, benefited rather from a centralized structure which could be forceful in implementation. This position was similarly argued by Sapolsky (1967) and Zaltman et al (1973). Even Aiken & Hage (1974) subsequently modified their earlier position to suggest that the ability of organizations to be innovative could vary over time, dependent upon their needs and their environment.

The earlier static model of Burns & Stalker thus has subsequently been replaced by a more contingent one, which acknowledges that organizational structure is a significant predictor of innovative capacity, but that innovation may well require different organizational structures at different stages of the process, or that a

specific organization will need to be able to cycle between different modes of structure, dependent upon its needs in relation to innovation.

The internal organizational environment. The second group of studies which have attemted to explain the innovative capacity of the innovators are those concerned with their internal environment. These studies have tended to concentrate upon three issues - the size of an organization, the nature of organizational leadership, and the nature of organizational life (such as the communication channels and processes within an organization and complexity of organizational tasks).

With regard to organizational size, a whole range of early studies found a clear relationship between the greater size of an organization and its ability to innovate (Mansfield 1963; Becker & Stafford 1967; Mohr 1969; and Langrish et al 1972). However, later studies have taken a different view, starting with the seminal SAPPHO study at the University of Sussex, which associated small organizational size with innovativeness (Freeman 1973; Stroetman 1979; Ahlbrandt & Blair 1986).

da Rocha et al (1990), summarising the arguments, suggest that the proponents of largeness as a predictor of innovation are actually using this as a proxy for resource availability (in terms of capital, personnel and expertise), whilst those supporting smallness are similarly using it as a proxy for a less bureaucratic organizational structure and for greater freedom for individual action.

Overall, the decision on the relationship of size to innovation is one still to be proven. Certainly there is no one clear conclusion relating it to innovation as a whole. It remains to be seen whether more specific studies can locate size in a more contingent way, in terms of different stages, or types, of innovation.

Moving onto organizational leadership, there is little dispute in the literature that senior management commitment to innovation is a key factor in innovative organizations. However, three distinct roles can be delineated in this unanimity.

The first is the role of the general manager to direct their organization, and to enable/make things happen (Daft & Becker 1978; Kamm 1987). As was noted earlier the implementation of innovation can require a 'hands-on' and directive managerial approach at a senior level, if innovative ideas are to be turned into reality. A more normative version of this argument is the emphasis upon entrepreneurship as a key trait in senior management for innovative organizations, where the emphasis is upon resource acquisition and their transformation into products or services. Drucker (1985), quoted previously, is a good example of this approach, as are Robert & Weiss (1988):

> 'Innovation is the tool of entrepreneurs... This simply requires a willingness to see change as opportunity instead of as threat and to employ some process for the orderly examination of change. Innovation is the entrepreneur's method of moving extra resources and assets from low yield and profitability to areas of high yield and productivity.' (p. 8)

A further modification of this approach, though, is that of the 'intra-preneur' (Pinchot III 1985; Knight 1987), who is

'... a corporate employee who introduces and manages an innovative project within the corporate environment, as if he or she were an independent entrepreneur.' (Knight 1987, p. 285).

A second role envisaged for management in innovation is the creation and management of an organizational culture. This was first suggested by Burns & Stalker (1961) and has been given considerable prominence in the work of Hage (Hage & Aiken 1969; Hage & Dewar 1973; Hage 1980). Here the role is not so much the pro-active development of innovation as the creation and support of a climate which supports innovation throughout the organization. Innovation and change hence become a basic value of the organization. More recently this view has been expressed succinctly by Jelinek & Schoonhoven (1990):

'A strategy for innovation is contained not in 'plans', but in the pattern of commitments, decisions, approaches, and persistent behaviours that facilitate doing new things...(Managers) behave, make decisions, and commit in ways that persistently foster innovation.' (p. 203)

It is important to realise that this requires a distinct managerial approach to be taken. Nystrom (1979) and Heap (1989) have pointed out that there is an irreconcileable tension between the needs of an organization to be efficient or to be innovative. They maintain that a choice needs to be made between the mass

production of standardized products/services, with limited risks but often small profit margins, and innovation of new products/services, with greater risks but also potentially greater profits. Both require a different leadership style.

The final leadership role is somewhat different from the above two. It is not necessarily located at a senior management level, and indeed may often be a lower-level figure in the organization. This is the role of the *product champion* or *hero innovator* who supports an innovation at its early stage of development, even when it does not seem to accord with the strategic direction of an organization. Both Schon (1963) and Fischer et al (1986) argue that this role is required because of the inability of formal organizations to respond to change. Thus a mediator is needed to balance the present needs of the organization for stability against its future need for change.

Moving onto the final aspect of the internal environment of an organization, its organizational life, three factors have been emphasized here. These are the nature of the staff group of an organization, the complexity of the tasks that they undertake, and the nature of organizational communication.

All three of these factors were integrated in the early model of Burns & Stalker (1961), of the organic organization. Subsequent studies have sought to separate out these factors rather more. Both Aiken & Hage (1971) and Iwamura & Jog (1991) have argued for the educational and professional level of the staff group of an organization as being a key factor in promoting innovation by that

organization. Doudeyns & Hayman (1993) have also argued for it as a key statistical indicator of the innovative potential of organizations. In contrast, Zaltman et al (1973) and Abernathy & Utterbach (1988) have emphasized the importance of task complexity as promoting innovative activity within organizations.

Most recently, attention has been turned to the role of communication channels and patterns within organizations as a key factor in their innovative potential. Poole (1981; 1983a; 1983b; 1989 [with Roth]) has been a most influential scholar in developing this perspective and Van de Ven et al (1989) subsequently integrated this factor into their holistic model innovative organizations. Albrecht & Hall (1991) have also maintained that internal communication is *the* key factor in organizational capacity to innovate.

Given the complexity of organizational life Rickards (1985), probably sensibly, recommends a *contingent* approach (Lawrence & Lorsch 1967) which examines the inter-play of these, and other, internal factors. Importantly this approach also places these internal environmental factors in the context of their inter-relationship with the external environment of an organization. The wider role of this external environment as a potential factor in the innovative capacity of organizations must now be examined.

The external organizational environment. The central problem of some of the organization studies literature is that it tends to treat organizations as if they exist

in a vacuum. Whilst a number of studies, from as far back as 1969 have recognised the importance of the external environment in innovation, they have had little to say about the nature and extent of its influence (for example, Mohr 1969, 1987; Abernathy & Utterbach 1988). This has led some to dismiss the utility of the innovation studies literature, as being able to predict innovative capacity and trends, precisely because of its neglect of environmental issues (Mensch 1985). However, it is an area where the contribution is growing. As will be seen below, however, this contribution has its own problems.

Those studies which have addressed the external environment have usually stemmed from one of three sources. The first source is those studies which have their roots in the economics literature and which have been concerned almost wholly with the activities of for-profit organizations in the market place.

The focus here is the issue and impact of the competitive environment. A core component of this appproach is the link between this competitive environment, innovation, and a competitive advantage for one firm over other firms within this market. Thus, the spur of inter-firm competition defines the direction and nature of any innovation. This in turn gives the successful innovator a competitive advantage through which to gain a price and/or market share advantage over its competitors. Innovation

'... is one of the principle drives of competition. It plays a major role in

industry structural change, as well as in creating new industries... of all

the things that can change the rules of competition, (innovation) is among the most prominent.' (Porter 1985, p. 164; see also Kamien & Schwartz 1982; Nelson & Wints 1982; Gomulka 1990; and Nelson 1993a)

The argument is most concisely summarised by Nelson (1993b):

> 'For-profit business firms in rivalrous competition with each other are the featured actors (in innovation). Firms innovate in order to gain competitive an edge over their rivals or to catch up with them. A firm that successfully innovates can profit handsomely. On the other hand, in an industry where competitors innovate, a firm is virtually forced to do so, or fall further behind. (p. 364)

> In most industries a company gains profit from its innovation by getting it out into the market ahead of its competitiors. moving rapidly down the learning curve, and supporting the product and improvements to it through sales and service efforts.' (p.367)

A second rather different perspective upon the inter-organizational environment is provided by the network perspective. Camagni (1991) focusses upon the *innovation mileau*, which is defined as

> '...the set...of mainly informal social relationships (within) a limited geographic area.' (p. 3)

From this perspective, innovation is seen to arise not out of the competition between organizations, but from their inter-action. Alter & Hage (1993) argue that there is now a move away from competitive relationships with other organizations within a particular market and toward collaboration.

'Until recently, U.S, corporations adopted organizational structures that were large and centralized...Corporate strategy was to eliminate competitors to gain control over their buyers or suppliers, and the methods were merger, price war, and large advertising budgets...Profit making organizations' primary objective, of course, was to gain maximum leverage over needed resources by besting rivals by whatever means were at hand.

Today, however, many companies are developing structures that are smaller, decentralized, and based on strategies of cooperation and horizontal relationships...(This) has led to a variety of obligational networks, bound together by sub-contracts and cooparative contracts among small firms, and strategic alliances and joint ventures among large and small firms.' (p. 2; see also Tidd 1995)

This is happening because of the increasing complexity and open-endedness of many organizational goals, and because of the desire to share risks in an uncertain market. Nohria (1992) agrees, arguing that organizational networks are now an essential component of *the new competition*, where expertise and knowledge are so widely dispersed that collaboration with some organizations in

your market sector is essential to gaining a compatitive advantage over other organizations (see also Burt 1982, 1992; and Best 1990). In this model, innovation can only occur through collaboration, which brings together the knowledge, capital and personnel necessary for its achievement (Kreiner & Schultz 1993). An important issues here is that networks are seen, not as an alternative to competition, but as a different, and currently more effective way, through which to achieve a competitive advantage.

The second source is those studies which have adopted an explicitly contingent approach to the study of organizations, emphasizing the inter-relationship between the structure and internal environment of an organization with its external environment as being the key trigger to innovative activity (Astley & Van de Ven 1983; Rickards 1985). From this literature it is possible to discern two inter-related views about the impact of this inter-relationship. These are concerned with the relationship of an organization to its end-users, and its overall strategic orientation to the market.

The role of the end-users in shaping the innovative capacity of organizations has been a consistent theme in much of the organization studies literature (Von Hippel 1978, 1982; Freeman 1982; Twiss 1987; Robert & Weiss 1988), as discussed above, and views marketing as one of the prime motivators of innovation. Probably one of the most forceful proponents of this view though was Tom Peters:

'The excellent companies are better listeners. The get a benefit from...closeness that for us was truly unexpected. Most of the real innovation comes from the market.' (Peters & Waterman 1982, p. 193)

The second view places this relationship to end-users within the overall strategic orientation of an organization. At one level this concerns the direct commitment to innovation as a goal (or *the* goal) of an organization highlighted in relation to organizational leadership previously (Nystrom 1979; Heap 1989). More fundamentally however it concerns also its wider strategic orientation to its environment.

The seminal work here is certainly that of Miles & Snow (1978) and Pfeffer & Salanik (1978), though a more recent formulation of this approach can be found in Astley & Van de Ven (1983) and in Beekum & Ginn (1993) in a rare application to the public sector. The core argument here is that organizations have a choice in the way in which they relate to their external environment. This environment is a complex multi-facted reality, and managers can choose what they focus on within it, and how they choose to interpret what they see there.

Miles & Snow developed four managerial *gestalts*, or mind-sets, through to analyse these strategic approaches. These are

* the defender, who seeks stability and offers a limited product line, with an emphasis upon efficiency;

*   *the prospector*, who seeks a dynamic environment and offers a broad/changing product line to respond to this;

*   *the analyzer*, who who seeks a balance between stable and dynamic markets, and who offers a mix of efficient and flexible products; and

*   *the reactor*, who reacts on the spur of the moment, with no consistent strategy.

In these gestalts, it is the prospector and the analyzer who are likely to unlock the innovative potential of an organization, through their dynamic approach to the environment.

The environmental approach to innovative capacity thus includes two compatible views as to its causality. The first concerns the impact of that environment itself. This has invariably been posed in terms of the market environment, and the argument has been developed in terms of whether the search for increased profits in this market has promoted innovation through either competition or collaboration. The second approach has concerned the strategic response of organizations to their environment and the extent to which this has seen innovation or stability as the best means through to achieve organizational survival and growth.

Yet if these approaches identify different routes for the release of the innovative capacity of organizations, they converge nonetheless upon the acceptance of the prevailing environmental paradigm as being one of competition. They are alternatives only in that they identify different perspectives upon this paradigm.

Conclusions.

This part of the chapter has explored the contribution of organization studies to the understanding of innovation. It has discussed the definition and classification of innovation, and outlined three hypotheses about the causality of the innovative capacity of organizations. However, this does not end the potential contribution of this literature to this thesis. There are other areas which have a potential contribution to make. These are outlined in the next part of this chapter.

TWO: SOME WIDER ISSUES IN ORGANIZATION THEORY

The previous part of this chapter examined in detail the sub-literatature of the organization studies field concerned with the innovative capacity of voluntary organizations. Before moving onto the second literature that this thesis draws upon (the social administration/social policy literature), it is important also to consider several other aspects of organization theory which may contribute to it. Clearly, there is not space here to cover the entire re-mit of this literature. That book is waiting yet to be written. However, it is important to cover four important aspects. These are contingency theory, exchange theory, systems theory, and institutional theory.

Contingency theory.

This has already been mentioned in passing in this chapter. It was developed by Lawrence & Lorsch (1967) and developed further by Galbraith (1973). The central premises of this approach are that there is no one best way to organise, that all ways of organising are not equally effective, and that the best way to organise for any particular organization depends upon its relationship to its environment. This approach was a real challenge to those previous models, such as that of March & Simon (1958), which viewed organizational form as relating to an hierarchy of organizational goals.

In this hierarchy of goals, each level is

'...considered as an end relative to the levels below it and as a means relative to the levels above it. Through the hierarchical structure of ends, behaviour attains integration and consistency, for each member a set of behaviour alternatives is then weighted in terms of a comprehensive scale of values - the "ultimate" ends.' (p. 63)

By contrast, Lawrence & Lorsch saw successful organizational structure as guided not by internal rationality but by external adaptiveness. Different environments placed different demands upon organizations, and required different organizational structures with which to meet these demands - though as Scott (1990) has noted, how the 'demands of the environment' or the 'best adaptation' are defined is not always clear.

It is important to note that Lawrence & Lorsch did not dismiss all aspects of rationality from their model. They saw that the organizational limitations of man required some rationality in the workings of organizations, which constrains their workings. However, the boundaries and nature of this rationality was defined by the environment.

A further development of this contingency approach is found in those who take a more strategic approach. They criticise the conventional contingency theorists for failing to consider the issues of power and of the decision making process inside organizations:

'They draw attention to possible constraints upon the choice of effective structures, but fail to consider the process of choice itself in which economic and administrative exigencies are weighed by the actors concerned against the opportunities to operate a structure of their own and/or other organization member' preferences.' (Child 1972, p. 16; see also Hickson et al 1971; Pfeffer 1978, 1981)

Thus rather than seeing organizational structure as being contingent upon environmental adaptiveness, these theorists emphasize rather the political decision making process and distribution of power within an organization as the key contingencies of organizational structure.

Exchange and network theories.

These theories have their pedigree within the sphere of political economy. The focus of exchange theory is upon the relative power of different parties to a relationship, dependent upon such factors as their financial resources, access to information, independent decision-making capacity, and degree of legitimacy. The expectation is that organizations will seek to minimise the uncertainty of their environment by combining with others to act. To some extent it can be seen as the behavioural counter-part of the contingency theory of organizational structure, discussed above.

According to Benson (1975), organizational relationships will depend upon the degree of consensus over the respective roles of the parties, their agreed tasks

and approaches, their relative evaluation of the importance of the others to their own goals, and the pre-exisitng patterns of activitiy between them. He makes an important point in identifying the networks of organizations which arise from these resource dependencies as being *emergent* rather than *planned* phenomema. Aldrich (1976) argues further that such resource-dependent relationships are an inherent part of the competitive environment, because resources are in short supply.

More recently, the concept of the *organizational network* has received extensive consideration in the literature (Nohria & Eccles 1992). Network analysis (Knokke & Kuklinski 1982) has long been a descriptive tool used to explore organizational relationships, though its ability to build analytic and predictive theory has sometimes been doubted. Pfeffer (1982) for one has argued that

> 'Social network analysis remains more of a paradigm and framework than
>
> a theory, and more promise than fulfilled potential' (p. 276)

However contemporary proponents of a network approach argue that this potential is now being fulfilled. Nohria (1992) has outlined the following basic premises of a network approach to organizations:

> '1. All organizations are in important respects social networks and need
>
> to be addressed and analyzed as such...
>
> 2. An organization's environment is properly seen as a network of other
>
> organizations...

3. The actions (attitudes and behaviours) of actors in organizations can be best explained in terms of their position in networks of relationships...

4. Network's constrain actions, and in turn are shaped by them...

5. The comparative analysis of organizations must take into account their network characteristics.' (pp. 4-7)

Elsewhere, Burt (1992) has applied this approach to explain the workings of the competitive market:

'Opportunites spring up everywhere; new institutions and projects that need leadership , new funding initiatives looking ofr proposals, new jobs for which you know of a good candidate...The information benefits of a network define who knows about these opportunities, *when they know*, and who gets to participate in them. Players with a network optimally structured to provide these benefits enjoy higher rates of return to their investments because such players know about and have a hand in, more rewarding opportunities.' (p. 62).

These approaches are clearly important to the consideration of the relationship between organizations and their environment. In particular they offer opportunities to understand the mechanisms through which the contingent adaptation of organizations takes place, whether in relation to the environment or to the prevailing patterns of power and interests.

Systems theory.

This approach is one which has developed out of the field of organizational sociology. Scott (1992) has developed an important typology of three types of organizational systems. Two of these are essentially inward-looking. The first of these is *rational systems*, where

> 'Organizations are collectivities orientated to the pursuit of relatively specific goals and exhibiting highly formalized social structures.' (p. 23)

The second is *natural systems*,which are

> '...collectivities whose participants share a common interest in the survival of the system and who engage in collective activities, informally structured, to secure this end.' (p. 25)

Scott contrasts these with *open systems*, where

> '...organizations are systems of interdependent activities linking shifting coalitions of participants; the systems are embedded in - dependent on continuing exchanges with and constututes by - the environment in which they operate.' (p.25)

Thus organizations as open systems are dependent upon their environment for the achievement of their organizational goals.

'From an open systems point of view, there is a close connection between the conditions of the environment and the characteristics of the system within it: a complex system could not maintain its complexity in a simple environment. Open systems are subject to what is termed the *law of limited variety* - "a system will exhibit no more variety than the variety to which it has been exposed in its environment".' (p. 85)

The organization as an arrangement of roles and relationships is not the same today as it was yesterday or will be tomorrow: to survive is to adapt, and to adapt is to change. (p. 93)

In many respects there is a great deal of synergy between this and the two previous approaches discussed. Scott himself highlights the extent to which Lawrance & Lorsch (1967) saw contingency theory as a meta-theory within which to integrate the three models of rational, natural and open systems:

'(They) argue that if an open system perspective is taken - so that any given organization is viewed not in isolation but in relation to its specific environment - then the rational and natural systems perspectives may be seen to identify different organizational types which vary because they have adapted to different types of environments...The two extremes depicted by the rational and natural systems models are not viewed as different aspects of the same organizations...but rather as different forms of organizations. And, as emphasized by the open systems perspective, the nature of the form is determined by the type of environment to which the organization must relate...Thus we arrive at the contingency

argument: there is no one best organizational form but several, and their suitability is determined by the extent of the match between the form of the organization and the demands of the environment...

The open systems perspective is viewed by Lawrence and Lorsch as the more comprehensive framework within which the rational and natural systems perspectives may be housed, since each of the latter constitutes only a partial view depicting particular organizational adaptations to differing environmental conditions.' (pp. 97-98)

(To conclude, in open systems theory,) all organizations are incomplete: all depend on exchanges with other systems. All are open to environmental influences as a condition of their survival. By contrast both rational and natural system perspectives insist that organizations, as a condition of their existence, must maintain boundaries that separate them from their environment.' (p. 180)

Without wishing to square the circle un-necessarily, there are also clear links between such an open systems approach and the focus of the network theorists upon the inter-organizational network as the key locus of analysis.

Other key literature exists also. The organizational ecology literature (such as Hannan & Freeman 1989), for example, has something to say about this topic, but from the macro-view of whole sectors and industries, rather than the micro-focus here of individual organizations. However there is one further

sub-literature of great significance to this thesis. That is the field of institutional theory and analysis.

Institutional Theory.

This concerns the impact of institutional forces, the hidden 'rules of the game' that can affect both the commission and interpretation of action. Of all the fields of organization theory, this is probably the one which has had most to say directly about voluntary and non-profit organizations. Di Maggio & Powell (1988), in a seminal paper, echoed the foci of the open systems approach, and argued for institutional forces as a key feature of 'organizational isomorphism' for voluntary organizations: as they become part of organizational fields dominated by the more powerful (and resource - rich) governmental organizations, so their work and direction become inevitably constructed by these powerful organzations. Singh et al (1991) and Tucker et al (1992) both have developed this argument in relation to voluntary organizations, and contend that they are especially vulnerable to such institutional forces, for two reasons.

First, because voluntary organizations

'... have somewhat indeterminate technologies, they are limited in their ability to demonstrate their effectiveness in terms of conventional output, efficiency, or process criteria. Under these conditions a social criteria, like the satisfaction and approval of external constituencies, are more likely to be used to judge effectiveness. This suggests that (voluntary

organizations) are specifically more vulnerable to conditions and constructs that have their origins in the institutional environment, and that factors such as the acquisition of external institutional support significantly affect their survival chances.' (Singh et al, 1991, p. 392).

Secondly and as a further development of this argument, Tucker et al (1992) suggest that organizational survival for voluntary organizations is in particular dependent upon their gaining legitimacy in the eyes of the 'higher order collectivities' – that is their prime funders. They are therefore

> '..specifically vulnerable to conditions that have their origins in the institutional environment and... their interconnectedness with the external institutional environmental and their interconnectedness with the external institutional environment significantly affects their survival chances.'
>
> (p. 50)

The issue of legitimacy is a particualrly important one. Indeed, Singh & Lumsden (1990), writing from the perspective of organizational ecology highlighted this as one of the key issues in institutional theory:

> '...(the concept of) legitimacy... is, of course, central to institutional theory...because the isomorphism of an organization with the institutional environment enhances legitimacy and so provides greater access to resources, which reduces mortality rates...Acquisition of external legitimacy and institutional support signifiicantly reduces the death in a population of voluntary organizations.' (p. 184)

Institutional theory is thus one of the few branches of organization theory to address voluntary organizations in detail, and to provide some useful insights about the way that their actions are both enable and constrained. Admittedly it has not addressed the issue of the innovative capacity of voluntary organizations directly; but, because of its potential for explanatory power about the behaviour of such organizations, it will form the basis of the fourth causal hypothesis about the innovative capapcity of voluntary organizations - that it is a function of their institutional framework. In order to allow for this, some little time must be sent here exploring further the details of institutional theory. This section will conclude therefore by explicating the key dimensions of institutional analysis.

The institutional paradigm is a very 'broad church' indeed. As Loveridge (1993) has noted, there is a wide diversity of approaches and levels of analysis included within this paradigm, which

'contrasts with the simplicity of rational choice theory underlying most economic analysis.' (p. 1033).

In reply, institutional theorists themselves would argue for this as a strength of their approach. Sen (1977) argued against the idea of the 'rational fool', on the grounds that it assumed not just a rationality belied by human interaction, but also a 'steady state' personality at odds with contemporary psychological theory. Freidland & Alford (1991) similarly argued that neo-classical economic models

were incapable of truly explaining societal interaction, because they concentrated upon prices rather than values. These authors are not lone voices.

Granovetter (1985) developed a core concept of institutional analysis, by arguing both against such under-socialized (economic) explanations of human behaviour as above, and against over-socialized ones, which saw individuals as slaves to a societally derived script. Rather he argued one had to understand how individual action and agency were embedded in their social context:

> 'Actors do not behave or decide as atoms outside a social context, nor do they adhere slavishly to a script written for them by the particular intersection of social categories that they happen to occupy. Their attempts at purposive actions are instead embedded in concrete, ongoing systems of social relations.' (p. 487).

Finally, and perhaps most radically, Etzioni (1993) has contributed further by developing a conceptual framework within which to understand value-based choices. He argued that

> 'Most choices are made on the basis of emotions.. or values; they are not products of deliberation. And when deliberation does occur, it is often far from extensive, let alone complete. The individual's limited intellectual capability cannot be overcome by training; in fact science itself is far from a fully rational endeavor.' (p. 1068).

This analytical concentration upon individual and societal interaction has meant that institutional theorists have worked upon a number of different levels of analysis. Scott (1987) has provided an excellent summary of the range of these levels of analysis, and traced their historical development, from the concentration upon structural adaptation of Selznick (1949), through the processual and ritualistic focus of Meyer & Rowan (1977), to the most recent concentration upon institutional fields (Di Maggio & Powell, 1988). The diversity of the most recent institutional writing (whether viewed as a strength or weakness) is also well illustrated by the excellent volume edited by Powell & Di Maggio themselves (1991).

Here there is not space for an extensive discussion of institutional theory as a whole. Rather the intention is to provide a focus for an exploration of the specific institutional focus upon the innovative capacity of organizations.

Powell & Di Maggio (1991) define the new institutionalism (as opposed to the 'old institutionalism' of Selznick) as emphasising

> '...the ways in which action is structured and order made possible by shared systems of rules that both constrain the inclination and capacity of actors to optimize as well as to privalage some groups whose interests are secured by prevailing rewards and sanctions.' (p. 11)

> 'The new institutionalism locates irrationality is the formal structure itself, attributing the diffusion of certain departments and operating procedures

to inter-organizational influences, conformity, and the pervasiveness of cultural accounts, rather than to the functions they are intended to perform.' (p. 13).

Lane (1993) goes on to define institutions as

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

Five issues are highlighted by this institutional approach. The first is that of the environmental embeddedness of organizations, highlighted earlier in the work of Granovetter. Again it is important to emphasize that this does not presuppose an one-way molding of action by the social environment. Rather that it is an interactive process of molding and being molded. Actors and environment are both significant.

The second issue is the importance of organizational processes, not as rational entities derived by information gathering and decisions making, but rather as organizational myths and rituals which endow legitimacy on to these organizations within their organizational field. Meyer & Rowan (1977) best presented this argument, maintaining that organizations created myths of organizational structure which both shaped them and provided them with a source of external legitimacy, by providing conformity to the prevailing societal

norms and customs. They argue that this is an inherently rational, not irrational process, for to fail to do so would threaten the resource flow and the ultimate survival of the organzation.

The third issue is the consequent role and meaning of 'organizations' in such institutional environments. North (1990) has argued that, if institutions provide the 'rules of the game' that societal actors must play, then organizational forms, structures and processes are strategies for survival within these rules. Greenwood & Hinings (1988) were more specific about the factors involved:

> 'Organizational structures, should be seen as embodiments of ideas, beliefs, and values which constitute an over-arching and prevailing... 'interpretative scheme'... (An organizational) design archetype is thus a set of ideas, beliefs, and values that shape prevailing concepts of what an organization should be delivering, of how it should be doing it, and how it should be judged *combined with* structures and processes that serve to implement and reinforce those ideas.' (p. 295)

They specify three 'vectors' to such archetypes - the appropriate domain for an organization to be operating in, the labels/values that underpin that organization, and the appropriate criteria adopted for evaluating performance.

The fourth key issue of institutional analysis concerns the types of networks through which organizations interact with their environment(s). Scott & Meyer

(1991) were important here in developing the concept of the 'societal sector', which they defined

> '...as (1) a collection of organizations operating in the same domain, as
> identified by the similarity of their services, products or functions, (2)
> together with those organizations that critically influence the performance
> of the focal organizations...The adjective *societal* emphasizes that
> organizational sectors in modern societies are likely to stretch from local
> to national or even international sectors. The boundaries of societal
> sectors are defined in functional, not geographic terms: sectors are
> comprised of units that are functionally inter-related even though they
> may be geographically remote.' (pp. 117-118)

The final issue is that of the isomorphic pressures that the institutional forces within such sectors exert upon their population of organizations. This argument was most developed in the seminal paper of Di Maggio & Powell (1988) as noted above. They argued that the increased inter-dependence of organizations within such societal sectors is leading to the homogenization of these organizations, because of 'coercive', 'mimetic', and 'normative' pressures.

In summary, institutional analysis focuses attention upon the relationship between organizations and their societal environment. It emphasizes the interdependency both of this relationship and of organizations within a societal sector. The central question of such analyses is upon the adoptive processes

through which organizations survive, and the pressures which produce these processes.

Clearly, as noted above, such an approach has the potential to offer significant insights into understanding the of innovative capacity of voluntary organizations, as being an activity embedded in their institutional relationships with their key stake-holders. Perhaps suprisingly, it is the avenue which has been least explored in the innovation studies literature, as a factor in the release of innovative potential. However, some work has been done, though on the margins of the organization studies field; Feller (1981), for example has developed the concept of *conspicuous production* to explain innovative activity in the public sector. In many respects, however, this remains a contribution to be made.

In order to successfully develop an institutional argument about the nature of this institutional contribution, a useful genaeral approach to institutional analysis has been outlined by Lane (1993). He has maintained that one must specify three factors in order to build an institutional argument: the key institutional forces involved, how they affect decision making, and provide an explanation for their force. This will be attempted here below, in exploring the potential of institutional theory to contribute to an understanding of the innovative capacity of voluntary organizations.

The challenge for organization theory and for this thesis

The chapter has so far reviewed both some of the wider aspects of the organization studies literature and the innovation studies sub-literaure. It is important here to consider its import for the study of the innovative capacity of voluntary organizations. In undertaking this consideration, this thesis will have two key tasks. The first will be to test out the insights from organization theory and to question what they can contribute to the understanding of the innovative capapcity of voluntary organizations In doing this, four causal hypotheses about this innovative capacity will be evaluated: that it is a function of their organizational structure, of their internal environment, of their external environment, and/or of their institutional framework.

The second task will be to reverse the telescope, and ask what contribution the study of voluntary organizations can make to the further refinement of organization theory, particularly in relation to the behaviour of organizations in the absence of the profit motive. Some important work has already been carried out along these lines. This includes North (1990) upon the non-financial transaction costs of political decisons, Huxham (1991;1993) upon the stimuli to collaborate in the absence of competition, and Loveridge (1992) upon the management of technological change within the public sector. This thesis does not claim the same staus as such works, but aspires to a contribution nonetheless.

THREE: VOLUNTARY ORGANIZATIONS AND INNOVATION IN THE PERSONAL SOCIAL SERVICES

This section is intended to cover three issues. First it will discuss the literature on the innovative capacity of voluntary organizations in the PSS, highlighting the key issues. Secondly, it will review the literature on innovation in social care services. It will end by bringing these two literatures together and discussing their strengths and limitations for our understanding of the innovative capacity of voluntary organizations in the PSS. It will draw on the organization studies literature detailed previously, in order both to facilitate this process and to consider its potential contribution to our understanding of this capacity.

Voluntary organizations and innovation: the growth of a legend

The innovative capacity of voluntary organizations, like many of their other ascribed characteristics, such as flexibility and a non-bureaucratic structure, has achieved something of the status of a legend. The basis of this, in Britain at least, is certainly within historical fact, for voluntary organizations were the pioneers of many social services in the nineteenth century (Prochaska 1988). The expression of this innovative capacity was formalised early in the twentieth century in the work of the Webbs (1911):

> '... looking back on the social history of the last hundred and fifty years, we must recognise that nearly all our successful developments in the way of collective provision for any class, have been preceded and rendered practicable by private experiments... It is the first, the highest, and in many ways the most useful duty of the voluntary agencies to perform this

indispensable service of invention and initiative and purposeful experimenting.' (p. 240-241)

This expression subsequently became the official perception of voluntary organizations and was embedded in the foundation of the welfare state by Beveridge (1948):

> 'The capacity of voluntary action inspired by philanthropy to do new things is beyond question. Voluntary action is needed to do things which the state should not do.... It is needed to do things which the state is most unlikely to do. It is needed to pioneer ahead of the state and make experiments.' (pp. 301-302)

This view, in various forms, has been repeated often since then. The Ministry of Health in 1959 asserted that innovation was likely to be 'the most valuable contribution of voluntary organizations to social welfare' (Ministry of Health 1959), whilst the Younghusband Report on services for people with a handicap claimed that innovation was an essential contribution of voluntary organizations to society (Younghusband et al 1970). This view was also reiterated in the report of the Wolfenden Committee about the future role of voluntary organizations in society (1978).

More recently, this innovation legend has found a place in the reports of both the Barclay Committee, on the future of social work (Barclay 1982), and the Wagner Committee, on residential care (Wagner 1988). Most recently it was a key assertion of the *efficiency scrutiny* of voluntary organizations by the Home Office (1990) and has also received endorsement by leaders of both the Conservative and Labour Parties (NCVO 1991; Labour Party 1990).

In none of these statements, however, is any evidence produced to corroborate this claim. What was, at one time, an empirical statement of fact, has been transformed, through the uncritical and sometimes inappropriate reiteration (and reification?) of the work of the Webbs and of Beveridge, into a normative statement of the importance of voluntary action. As will be seen below, however, despite figuring in a number of studies in Britain and America, the evidence in support of this innovative role is by no means clear cut.

The arguments in support of the innovative role. Even within the academic literature, wholly normative statements upon the innovative role of voluntary organizations are not unknown. Rose (1974) and Peyton (1989) have both asserted that innovation and social change are a principal purpose (and contribution to society) of voluntary organizations. No evidence has been produced to support these assertions, though, nor analyses made to suggest why this might be.

Other studies have eschewed such normative statements to develop analyses of why voluntary organizations might take on an innovative role in society. Broadly, four reasons have been presented to account for it. The first is what can be called the *categorical constraint* argument. This is that, because government is constrained in its ability to experiment by the requirement to provide universal and/or statutory services, then voluntary organizations (who are not constrained by such an imperative) must perforce take on this role. This view was reflected in the early work of the Webbs:

'The public authority is bound down by Statute and by authorative Orders of the Central Executive Department, as well as limited by the disinclination of the local Ratepayers to expend money in unfamiliar ways. "We must not

experiment with the Ratepayers money" is perpetually an effective plea...In a Voluntary Agency, a person with new ideas, or a group of enthusiasts for new methods of treatment..can put new devices to the test of experiment.' (pp. 240-241)

It has more recently been put forward also by Douglas (1983) and Knapp et al (1990).

A second line of argument has been offered by Poulton (1988), who saw the innovative nature of voluntary organizations as deriving from their links to their local communities and their consequent ability to respond quickly to developing local needs. Finally a third argument was presented by those who saw their innovative capacity as a result of the organizational features of voluntary organizations. This view was given a classic statement by Mellor (1985):

> 'Because of its independence, and often because of its relative smallness of size, the voluntary body is able to experiment, by doing old things in new ways, or trying out quite new services, and in doing so take the risks which might be more difficult for a large and essentially more bureaucratic state concern.' (p. 11)

A final, more recent, approach, outlined in the previous section, argues that their innovative capacity is not so much an inherent part of voluntary organizations, but is rather imposed upon them by the institutional framework within which they operate. Singh et al (1991) have argued that voluntary organizations are especially vulnerable to these institutional forces because

> '...(they) have somewhat indeterminate technologies, they are limited in their ability to demonstrate their effectiveness in terms of conventional output,

efficiency, or proccess criteria. Under these conditions social criteria...are more likely to be used to judge effectiveness. This suggests that (voluntary organizations) are specifically more vulnerable to conditions and constructs that have their origin in the institutional environment, and that factors such as the acquisition of external institutional support significantly affect their survival chances." (p. 392)

In this model, innovation is not a product of the normative superiority of voluntary organizations, but of their dependence upon 'higher order collectivities' (Tucker et al 1992) for their survival. Innovation is thus a tactic to gain legitimacy with these organizations, rather than, necessarily, an end in itself.

Yet if these studies offer legitimate reasons why voluntary organizations might be innovative, they do not provide evidence to support their arguments. Increasingly therefore these assertions have come under attack from critics.

The arguments for a modified innovative role. The first group of critics are those who continue to support the innovative capacity of voluntary organizations, but in a modified or circumscribed form. There are three strands within this group.

The first strand of studies maintain that the changing nature of the statutory-voluntary relationship, and in particular the increasing dependency of the latter upon the former for funding, has inhibited the ability of voluntary organizations to act independently, and consequently to be innovative (Gronbjerg 1982; Lipsky & Smith 1989; Ware 1989). The proponents of this argument do see voluntary organizations as having an innovative capacity but have argued that this potential is being smothered by the changing organizational environment.

A theoretical development of this argument is been presented by Di Maggio & Powell (1988) with the concept of 'organizational isomorphism'. This is a core concept of the new institutionalism, outlined previously. Their argument is that, as organizations come to work more closely together (as is currently the case with voluntary and statutory organizations in the field of social welfare), so they come to resemble each other more because of the convergence of their organizational environments. Power imbalances in this relationship can also impact upon the way direction in which this convergence occurs. Thus the closer relationships between statutory and voluntary organizations, and with the statutory bodies as the key resource holders, is changing the nature of these latter bodies to resemble the former ones.

A second argument has been presented by Kramer (1981) in his major study of voluntary organizations in the welfare state. This is that, although voluntary organizations may indeed develop new services or programmes, they are invariably minor modifications of existing services, rather than genuine innovations:

> 'Authentic social innovations, true innovations that are original or the first of their kind, are the exception. More common are 'new programmes' or changes that extend, expand or improve an existing voluntary service....
>
> ... almost without exception, the service programmes inaugurated are smaller-scale, non-controversial, and incremental, if not marginal, extensions or improvements of conventional social services to a clientele previously underserved.' (p. 178)

In Britain, empirical support was given for this view by two studies of the role of voluntary organizations in Scotland in developing schemes for unemployed people,

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which also served the community (Connor 1987; Connor & Wilkinson 1988). The intention of these had been to be innovative projects also. However, these researchers concluded that, although the projects themselves were important ones, their innovative content was limited to such marginal improvements upon existing services.

A final view was presented by those studies which accepted that there was indeed a genuine innovative capacity within voluntary organizations, but that this was limited to certain types of such organizations. Young (1976) argued that the innovative capacity of voluntary organizations was dependent upon their staff adhering to an innovative value system. Wortman (1981) has linked innovation to a certain (early) part of the life-cycle of human service organizations; he then has argued in favour of an innovative role for voluntary organizations on the basis that, in contemporary society, there are more of these at such an early stage of their development compared to public sector organizations. Johnson (1987) has linked the innovative thrust specifically to small voluntary organizations. Finally Saxon-Harrold (1990) has argued that innovation was a function of only those voluntary organizations which adopted an overtly innovative management strategy - that is, that it was a variable rather than a constant.

The arguments against the innovative role .The second group of critics are those who have argued against the innovative capacity of voluntary organizations, and have done so in two different ways. The first approach is to take issue with the use of the term *innovation* without any attempt to define it. It thus becomes a 'totem' to be used by voluntary organizations in establishing their primacy over state provision. This view was well presented by Carter (1974) in a survey of over three hundred

social welfare agencies in Canada. He concluded that innovation had become a 'term without meaning' , and was often used as a tactic by which to assert the hegemony of voluntary organizations over the statutory ones.

The second approach is to argue that the innovative role of voluntary organizations is a real but historical one. Kamerman & Kahn (1976) have maintained simply that voluntary organizations no longer perform the innovative role. Others (Schorr 1970; Moore & Green 1985) have argued that not only are voluntary organizations no longer innovative themselves, but that this role has been taken over by the statutory agencies. Kingsley (1981) and Osborn (1985) have taken this further by suggesting that, by continuing to expect voluntary organizations to be innovative (and by funding them upon this basis), the state has actually limited the contribution that they could make to other areas of service and in other ways.

Conclusions. This section has reviewed the arguments for and against the innovative capacity ascribed to voluntary organizations in public and social policy. It has found many assertions, and normative statements, but less evidence. Certainly, on the basis of the existing literature, there is no basis upon which to justify a blanket claim of an innovative capacity for voluntary organizations in the PSS. There is even a lack of common ground about what *innovation* actually means. Only Kramer (1981) has made any attempt within the field of studies of voluntary organizations, to define it in any rigorous fashion.

What is perhaps suprising, given this lack of a guiding definition or operational model of innovation, is the lack of attention that has been paid to the innovation studies literature to provide just such essential tools. Indeed, as was seen in the

review of that literature, the problem there is almost the obverse, of an over-supply of models and tools.

In fact, only two studies of significance could be identified which drew upon this organization literature. The first is that of Perri 6 (1993), in the field of vocational training. This was a legitimate attempt to develop a workable matrix classification of innovation by voluntary organizations, by explicitly drawing upon this organization studies literature. However, the attempt was a flawed one, for two reasons. First, the reference to the organization studies material was partial and drew upon the older, and more mechanistic literature (such as Burns & Stalker 1961, and Rogers & Shoemaker 1971). In particular it missed out on some of the recent, and more sophisticated and dynamic, discussions of innovation (such as Abernathy et al 1983; Van de Ven et al 1988). This led it to try to create unnecessarily strong dichotomies between, for example, product and process innovation, where the distinction was by no means so clear cut.

Secondly, the dimensions of the classificatory matrix which the paper develops are problemmatic. The one dimension involves precisely the above attempt to differentiate product and process innovation, when both might be bound up in the same innovation, depending upon which views of the innovation one took. The other dimension draws similarly arbitrary distinctions between the stages of *invention*, *innovation* and *diffusion*, which hark back to the older one-directional and linear models of the process (such as Rogers & Shoemaker 1971), rather than the more contemporary cyclical models (again such as that of Van de Ven et al 1988, and also Herbig 1991). Finally, and most crucially, attempts to use the matrix have proved difficult, and have foundered upon the operational difficulties that these

above points have given rise to (Randon 1993). Important as the attempt has been therefore, it has been flawed both conceptually and as an empirical tool.

The second study (Nelson 1993) has a much stronger base in the literature and is more pursuasive for that. Indeed, Nelson himself is one of the foremost theorists in developing the economic approaches to innovation. Frustratingly, though the focus of the paper is narrow and contributes little to this discussion. The context is technological innovation in an American industrial setting, and the focus is upon the capacity of private universities (which are non-profit organizations in America) to stimulate research and development, compared to their public counterparts.

Beyond these two studies, the field is barren. The full contribution of organization studies to our understanding of the innovative capacity of voluntary organizations is yet to be made.

Innovation in the personal social services in Britain

The emphasis in the management of the PSS in Britain has changed over the last thirty years. In the 1960's, with the rationing of the war and post-war years not long gone, the emphasis was upon establishing a minimum basic entitlement for everyone, within the context of an expanding welfare state. The 1970's and early 1980's, however, saw a period of retrenchment of main-stream services, as the resource base of the welfare state contracted, compared to the expanding population and its changing demography and to developing perceptions of need.

The period since the mid-1980's has seen a third phase develop, with 'innovation' as its watch-word. This has encompassed both innovation for reasons of efficiency, because of the growing population of adults and children recognised as having

special needs, but with no commensurate increase in the resource base; and innovation for reasons of effectiveness, because of the pressure on services to meet increasingly individual definitions of social need. Latterly this phase has become inextricably bound up with the intention of the present government to develop a 'mixed economy of care' with a plurality of service providers, rather than solely the state, and with the stated intention of improving the quality, diversity, and choice of social welfare services available (Department of Health 1989).

Here is not the place to examine the feasibility or otherwise of such stated intentions. Rather it is intended to examine in more detail the concept of innovation within the context of these ever-changing developments in the PSS.

Certainly, since the early 1980's, the social administration and social policy literature about the PSS has produced a large number of studies of innovation within its stated field. It will be argued here, however, that the majority of these have been descriptive, or evangelical. Moreover, frequently they have been written within the framework of the professional social work paradigm. There is nothing wrong with this in itself; indeed it is an important contribution to the development of efficient and effective social work services. However these studies have failed to address the equally important organizational and managerial issues which innovation raises, and have frequently been written (once again) in isolation from the organization studies literature, which could have contributed much to an understanding of these issues.

Accordingly this section will commence by reviewing the existing studies of innovation in the PSS and draw some conclusions from these. Whilst it cannot pretend to review every such study, it is argued here that those discussed are

typical of the field. In particular, it will pay attention to those studies which have attempted to develop a model of innovation in social welfare. It will move on to argue that, as was the case with the literature upon the innovative capacity of voluntary organizations, there is a lack both of good empirical evidence about innovation in the PSS and of a framework by which to analyse it. A final section will draw these two literatures together with that fron organization studies, and explore what potential contribution the latter can make to the former.

As indicated previously, there have been numerous studies of innovation in the PSS, particularly in the 1980's. This section will concentrate upon reviewing the key papers in four areas: the prevailing social policy paradigm, the management and organization of the PSS, child care services, and community care services for adults.

Innovation and social policy. One of the key developments of the late 1980s was the promotion of innovation to the status of a social policy goal in its own right. On the one hand, this sprang from the over-riding concern of the then Conservative government with introducing a more business-orientated and competitive paradigm into the provision of public services. The intention here, combining a mixture of Schumpeterian and neo-classical models of economics, was both to introduce the winds of 'creative destruction' into these services through competition; and to encourage cost efficiencies through the expansion of the market model into the provision of public services. These intentions have been the subject of critical analysis by, among others, Le Grand (1991).

On the other hand, there was also pressure from public sector and professional advocates to raise innovation to the status of a policy goal. The Kings Fund Institute (1987) certainly argued for the centrality of innovation in the community care reforms, though without ever really defining what this meant. In a more polemical vein, Smale & Tuson (1990) at the National Instutute of Social Work argued for innovation to be elevated to the status of a method of social work intervention. The Department of Health has also explored the model of *outcome funding* as a way of allocating scarce governmental funding for the PSS, with an emphasis upon innovation as an indicator of success (Williams & Webb 1992).

Yet if innovation has become a rather indeterminate policy goal, there have been few studies of the rationale for, or impact of, it. Those that have addressed this issue have been primarily American, rather than British. Feller (1981), for example, has suggested that this concentration upon innovation was an example of 'conspicuous production' - that is, that it was a way of mangers proving their effectiveness in an arena where few, if any, objective measures of success existed. A similar argument has also been advanced from the standpoint of the institutional analysis of organizations by Singh et al (1991).

Innovation in the management and organization of the PSS. The decade of the 1980's is well framed by two major attempts at innovation in the organization of the PSS. It began with the *patch work* movement, which attempted to shift Social Services Departments (SSDs) away from a traditional bureaucratic model of organization, with an emphasis upon professional skills, to a community-based orientation, with an emphasis upon community organization and networking (Hadley & McGrath 1980; Hadley 1981).

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Although it has never quite produced the revolution that its proponents hoped for, it has had nonetheless an impact in arguing for a more community-based orientation to the provision of social services. It received official backing of a sort, in the report of the Barclay Committee (Barclay 1982), though perhaps this report is less well remembered than patch-work itself.

The 1980's concluded with another innovation intended to make the PSS more community based, this time in the specific field of community care services for adults. There is little doubt that it was the work of the Personal Social Services Research Unit (PSSRU) at the University of Kent which spearheaded this attempt. It represented an attempt both to design care services which more clearly addressed the individual needs of those at risk, and to do so in a more cost efficient way as demographic pressures threatened to produce a financial time-bomb for the government. These intentions ultimately culminated in the passing of the **National Health Service and Community Care Act** (NHSCC Act) in 1991.

The literature on this organizational innovation is extensive, with a great deal originating from the PSSRU itself (see for example Davies & Challis 1986; Davies et al 1990; Knapp et al 1990). It is undoubtedly more rigorous in its evaluation of this initiative than are the studies of patch work. Much of this derives from the lucid theoretical framework provided by the *production of welfare* model of the PSS and pioneered again by the PSSRU (Knapp 1984). However both developments are lacking in any analysis of the nature and process of innovation itself.

This is also true of the other recent studies of management innovation in social work. Goldberg & Warburton (1979) reviewed the management of workloads in

SSD's and developed an alternative *case review* model; Healy (1989) produced a major review of management innovation practices in SSD's; Hardy et al (1989) reviewed innovative management arrangements for joint working in the PSS; and Sommerlad & Hills (1990) reported on a Department of Health pilot scheme to try and develop innovative ways of stimulating local voluntary action. All these studies provided good descriptions of the work undertaken and provide many valuable lessons for future practice. The best (particularly Goldberg & Warburton, and Hardy et al) also produced some evaluation of the implementation of innovation. However overall there is a lack of any attempt to analyse innovation as a process itself, or to borrow from the organization studies literature in understanding the nature of the phenomenon.

Innovation in child care services.The 1980's has also seen a number of major innovations in child care services in Britain (for an overall summary see Kahan 1989). Two will be concentrated upon here: the moves to de-institutionalise the juvenile justice system and Local Authority care for children, and the introduction of the **Children Act 1989.**

The moves against the institutional, and particularly custodial, treatment of juvenile offenders built up a head of steam in the late 1970's. Studies at that time emphasised the intrusive nature of social welfare services; the ineffectiveness of attempts to treat juvenile offending within a social pathology model, and also of custodial sentences; and the role of social workers in sentencing juveniles to these intrusive and ineffective measures (see for example Cornish & Clarke 1976; Morris & McIsaac 1978; Osborne 1984). These issues were brought together in the work

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of Thorpe et al (1980) and the subsequent development of a *systems management* approach to juvenile justice (Morris & Giller 1987).

Within the civil child-care system, pressure also developed to move away from a residentially-based service to one which supported children in the community (for a summary of the research in this area see Utting 1991). Research also centred upon specific initiatives in community-based child-care services, such as family centres (Gibbons 1990), and schemes to support children as they left care (Stone 1990).

Finally, the **Children Act 1989** has spawned a whole range of innovations, both in the forms of child care services and in the processes by which they are delivered. Although it is still early in the introduction of this Act, some preliminary studies have been produced, often themselves piloting new forms or processes of service delivery (for example Parker et al 1991). Like the material on organizational innovation, though, all these studies on child-care fail to address the innovation process itself.

Innovation in community care. For an approach to social welfare services conceived in the 1960's the gestation period of community care has been a long one. There are signs however that this may finally come to fruition, following the passing of the NHSCC Act. There are still difficulties to be overcome, not least the resourcing of the service. However the 1980's saw a series of innovations in the delivery of community care services. At the most general level, the work of the PSSRU in piloting and evaluating community care innovations has already been noted. Some more recent studies have also examined specific aspects of this initiative, such as the work of Barritt (1990) on innovations in community care in

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non-metropolitan areas, and Barnes & Wistow (1992) on the problems of sustaining initiatives beyond the pilot stage.

There have also been studies of innovations within particular client-based services. Thus Marks & Scott (1990) and Ramon & Giannichedda (1991) have both reviewed innovative approaches to the delivery of mental health services, whilst Grant & McGrath (1987) examined a community based approach in Wales to services for people with learning difficulties (the All Wales Strategy), and Connelly (1990) has looked at services for people with a physical disability.

Undoubtedly the largest group of studies, though, concern services for elderly people. Ferlie has produced almost a library of such studies on his own (for example Davies & Ferlie 1982; Ferlie 1983; Davies & Ferlie 1984; Ferlie et al 1984a, 1984b; Ferlie et al 1989). The emphasis in all his studies is upon the efforts of the statutory authorities to produce more efficient ways of meeting the needs of elderly people within their own communities.

More generally, Marshall & Sommerville (1983) and Isaacs & Evers (1984) have evaluated innovative community-based services for elderly people, in Liverpool and Birmingham respectively, whilst Butler (1985) and Kraan et al (1991) have provided overviews of a range of developments of community care services for elderly people. Once again though, the innovation process itself is ignored.

Understanding innovation in the PSS. All of the studies reviewed above provide both valuable insights into the new types of services developed in this field, and an invaluable source literature for those wanting to design new services. The best have also evaluated the impact of these innovations in the field. However, as should

now be apparent, there have been few attempts to address the issue of understanding the nature of the process of innovation in social welfare services. An earlier study had found this to be the case in the 1970's (Delbecq 1978), and little seems to have changed since then.

Perhaps this is to do the literature an injustice; no doubt many of its authors would argue, quite rightly, that this was not their purpose. If not their purpose, however, it is still nevertheless a task essential to the greater understanding of the provision of social welfare services. This section will therefore review those limited number of attempts to develop such an understanding.

Four approaches to understanding innovation in social welfare can be identified from the literature. Hasenfeld & Schmid (1989) have pinpointed the life-cycle of social services organizations as the key parameter of the development of innovative services. In doing so they were drawing upon a sizeable theme in organization studies (for example Bessant & Grunt 1985). However their approach was a discursive one, with little evidence produced to support their position and with no attempt to develop the implications of their framework for the actual management of innovation in the PSS.

A second approach to understanding innovation was taken by those studies which concentrated upon the role of strategic management and planning. Work in the 1970's by Rothman (1974) and Rothman et al (1976) proposed a planning-based model of innovation in the PSS which emphasised the importance of such strategic planning in developing innovative services. The latter study took the form of a manual for service managers to use in developing innovation in the organization.

This work was later brought together in the *social marketing* model of Rothman (1980), which provided a rationalist model of planning to produce innovation.

This rationalist approach has been explicitly challenged by later studies, influenced by the work of the management 'guru' Tom Peters (for example, Peters & Waterman 1982). In particular Golden (1990) has argued that her empirical studies have indicated that, far from requiring careful planning, successful innovation in human services is the result of 'groping along'.

Both these approaches draw attention to the managerial and strategic role in innovation in the PSS, and the latter study was also based upon empirical evidence (though the representativeness of the sample and study methodology is certainly open to doubt). Yet these approaches were too narrow in their focus to provide an holistic understanding of innovation. In particular they ignored the impact of the social environment upon human service organizations in the development of innovative services, and the former study also, by its commitment to the rationalist model, ignored the often irrational (or at least, arational) and apparently paradoxical nature of change within organizations.

The third approach was one taken by a number of studies and that was to relate innovation specifically to the need to counter the bureaucratic nature of public services. Young (1976) has argued that this bureaucratic nature of public services inhibited their ability to innovate, which required entrepreneurial exercise. Gershuny (1983), in polemical vein, has also argued that innovation in public sector welfare services was required to make them more efficient so that they could meet the growing needs of service recipients rather than provide job security for public sector

employees. However, once again, no evidence was produced to support these assertions. Moreover, the argument was structured in the form of exhortations to practising managers, rather than within a conceptual or analytic framework.

Ferlie et al (1989) at least produced both this framework, and the evidence to support their analysis of the relationship between innovation and the need for efficiency. The major drawback with this analysis is that it was limited to examining a sub-set of innovations within social welfare services; that is, those concerned with the need to innovate in established mature services where environmental factors (in this case, demography and funding) had produced pressure for change. As such, it ignored a whole range of innovative developments which spring not from the need for efficiency but rather from other imperatives, such as the need to address a newly defined need (a good recent example of this being services for people with AIDS).

These points were well drawn together by Baldock (1991) and Baldock & Evers (1991). These studies pointed to two possible pressures to innovate. The first was for 'bottom-up innovation', where a social or demographic change led to pressure for a new form of service in one locality, and which produced ad-hoc innovation. This was often on a small scale, and was hard to replicate elsewhere or to integrate into the existing statutory services. It was based explicitly however upon meeting the expressed needs of the local community and frequently used existing resources in a new way. It thus expanded choice, but often at the cost of efficiency to the welfare system as a whole.

This was contrasted with 'top-down innovation', which spraing directly from the growing resource constraints of the statutory welfare services. This was directed at

meeting an already recognised need more efficiently, by targeting existing services more accurately, by sharpening the boundaries between different services so as to utilise the cheapest, or by developing new cost-efficient forms of service.

The approach of Baldock is undoubtedly a helpful one in understanding innovation in the PSS, in that it took account both of organizational and of environmental factors in the development of innovation. He does not take the approach sufficiently far, though. In presenting a simple dichotomy between needs-led and efficiency-led innovation, he ignores the intermediary cases, where the parameters of innovation could derive from both imperatives. A good example of this is the development of community based living arrangements for adults with learning difficulties. Here there is both a needs-led pressure, because of the recognition that this is a far more appropriate way in which to provide homes for such adults, and an efficiency-led pressure, derived from the increasing number of adults requiring such community living options to be organized by SSD's, as a result of the closure of hospital-based accommodation.

In conclusion, it is suggested that the above attempts at understanding innovation within the PSS suffered from three faults. First, many of the studies lacked an empirical base and were often framed in a polemical or discursive manner. Secondly, they frequently adopted a simple linear and/or rationalist model of innovation, which belied its dynamism and complexity. Even the work of Baldock, which is probably the most complex attempt, was based on a simple dichotomy.

Thirdly, several of the studies were so narrow in their approach as to ignore the breadth of innovative activity in the PSS. Finally, the majority of studies were

constructed in almost total isolation from the organization studies literature. Ferlie et al did discuss the implications of the work of Burns & Stalker (1961), whilst Rothman also referred to the work of Rogers & Shoemaker (1971). However, as with the work of Perri 6 previously discussed, this is to but touch upon the range of material available and not necessarily upon the most sophisticated.

If a proper understanding of innovation both in the PSS and by voluntary organizations is to be developed it is suggested here that it is necessary to take greater cognisance of the organization studies literature. This is essential in order both to construct a meaningful conceptual framework for the understanding of innovation and to develop effective tools for its analysis. in constructing a framework. This task is approached in the final section of this chapter.

FOUR: COMBINING THE LITERATURES - THE PRESENT STATE OF KNOWLEDGE AND RESEARCH QUESTIONS FOR THIS STUDY.

To date, this review has kept the organization studies literature on innovation and the non-profit/PSS literature separate. It is now time to integrate them. In doing so, two arguments will be made. First, that the study of voluntary organizations and of the PSS will benefit from far greater attention being paid to conceptual developments found in the organization studies literature. Secondly, that this latter literature will also benefit from insights developed from the study of non-profit organizations; specifically it will allow the discussion of innovation in an environment where competition is not the norm.

The organization studies perspective on voluntary organizations and social services.

Contributions from the organization studies literature. Three general issues from the organization studies literature about innovation are particularly relevant to understanding innovative both within the PSS and by voluntary organizations. First, with regard to the nature of innovation, it is important to be clear about two points. These are the need to differentiate between innovation as a process and as an outcome, as all too often these are confused in the literature; and the significance of *discontinuity* as a core element of innovation.

This latter point is particularly crucial. One issue to be teased out in the research discussed below is the differing roles and impacts of service developments (that is,

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the gradual improvement of existing services to the exisiting users of an organization) compared to actual innovation. This distinction is never really drawn out in the voluntary organization and the social administration/social policy literatures. However, its import is clear from the organization studies literature, in terms of its impact both upon its host organizations and upon their relationship with their end users.

Secondly, with regard to the nature of the innovators, it is important that the insights of the contingency approach are appreciated. This inter-relationship between the host organization of an innovation and its environment is one which often seems to be lacking in the exisiting literatures. It is true that some of the literature discussed above does talk about the role of end users in influencing innovation, as in the *bottom-up* innovation of Baldock & Evers (1991). However, this is but one element of the overall environment. The organization studies literature has provided some useful guidance over the full range of factors to be considered in this context.

Finally, the organization studies literature has provided a crucial conceptual framework for considering the causal factors involved in the innovative capacity of voluntary organizations. Where these issues have been considered in the voluntary irganization literature, they have been raised on a purely empirical, or even normative, basis. The organization studies literature gives a conceptual clarity to these issues missing from the discussion till now.

This organization studies literature has therefore allowed us to develop four hypotheses about the innovative capapcity of voluntary organizations. The first three stem directly from the innovation studies sub-literature. These are that this potential

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is a function of the organizational characteristics of voluntary organizations, of their internal environment, and of their external environment and their relationship to it. To these can be added a fourth hypothesis developed in the one area of organization studies to have considered voluntary organizations in any depth. This is the field of institutional analysis. The fourth hypothesis is therefore that the innovative capacity of voluntary organizations is a function of their institutional framework, and their relationship to it. Interestingly, whilst the first three hypotheses have an empirical basis, but little testing out in relation to voluntary organizations, this last hypothesis has a direct relevance to voluntary organizations, but no empirical basis. In testiing these hypotheses, therefore, this thesis has an important contribution to make in relation to all four of them.

These major issues will be returned to in depth below. At the present stage, the concern here is to use the organization studies literature to help with the specific task of developing a useful classification of innovation within the PSS.

Developing a classification of innovation in the PSS. As discussed above, the issue of discontinuity is a core element of any definition of innovation. This is important in differentiating gradual organizational development, which may nonetheless produce major changes in service delivery over a period of time, from the actual process of innovation. This conceptual clarity will be important for this study, in differentiating *genuine* innovation from *ascribed* innovation. As Carter (1974) made clear, innovation is often used in a pejorative and normative sense by the staff and supporters of voluntary activity and organizations, whilst the social administration/policy literature has frequently used a lax definition of the term. It is argued here that, by reference to the organization studies literature, one can

develop more rigour in the understanding and codification of the innovative capacity of voluntary organizations in the field of the PSS.

To summarise the exisiting voluntary organization and social administration literature briefly, the work of Perri 6 (1993) has been the one notable attempt to use the organization studies literature to understand the innovative capapcity of voluntary organizations (Nelson 1993 is being excluded here as not relevant to this study). This work was, however, found wanting in its adherence to the older, more linear, literature and its avoidance of the more recent contingency-based approaches, which have led to more dynamic and interactive view of innovation.

Within the literature upon innovation in the PSS there have been, similarly, limited attempts to conceptualise innovation. Even those which were conceptually developed, such as that of Baldock & Evers (1991), were more descriptive than analytic.

It is suggested here that a useful approach to classifying innovation can be gained by modifying the approach of Abernathy et al (1983), discussed above. This acknowledged explicitly that innovation can operate across two dimensions, those of the service delivery system and of the market, and that there is an important inter-relationship between them both.

This approach is one which has a great deal of potential for exploring innovation both by voluntary organizations and within the PSS. In both these instances, the method of production is not (usually) a technological process which is transformed by the application of new scientific knowledge. Rather it is frequently an interpersonal (or sometimes inter-organizational) process, but one which is

nevertheless changed by the introduction of new knowledge, whether it be about for example, the needs of service users, or the efficiency and effectiveness of methods of care.

Similarly the users of the PSS are very much the *market* for these services, as much of the new literature upon the PSS is suggesting. This is evidenced in particular by the growing literature on the application of marketing techniques to the PSS (for example, Crompton & Lamb 1988), as well as the more general, and growing, discussion of such entitites as *the mixed economy of care* (Le Grand 1991; Wistow et al 1994).

Accepting these equivalencies, the model espoused by Abernathy et al can then be developed to produce a relational classification of innovation within the PSS. This modified typology based upon that of Abernathy is displayed in Figure 2.2. The *x* axis becomes the impact of an innovation upon the production of social services within an agency (that is, whether it involves the existing services of an agency, or the creation of new ones). The *y* axis is concerned with its impact upon the needs of the market of service users (that is, whether it meet the needs on an existing client group of the organization, or a new one).

Four examples taken from the PSS in Britain will make this typology more rooted in the real world. An example of a *total* innovation could be the 'buddy' system of support devised by several voluntary organizations working with people with AIDS. This is both a new way of producing social support and it addresses a newly defined client group. A *developmental* innovation could be the refinement of the role of home-care assistants in supporting elderly people at home, so that their work is

targeted more clearly upon those tasks required to ensure that the person can continue to live in the community. This is addressing a client group already defined and utilising existing methods of service; however it is doing so in a modified way, in order to meet its objectives more efficiently.

An example of *expansionary* innovation could be the recent moves within the probation service to utilise the non-custodial alternatives developed for work with juvenile offenders (under sixteen years old) for work with young offenders (aged sixteen to twenty one years old). This is using methods of service already in existence but to meet the needs of a new group of clients. Another example could be the transfer of the 'systems-management' approach to working with juvenile offenders developed by many SSD's, to work within the civil child-care system.

Finally an *expansionary* innovation might be the new forms of service developed over the past five years to provide care in the community for adults with special needs. These meet the needs of an already defined client group, such as elderly people, but with new forms of social services, such as care management.

This approach is a potentially useful one for the field of the PSS, and for exploring the innovative capacity of voluntary organizations within it. It directs attention to the different processes which, for example, an expansionary innovation (involving the transfer of a pre-existing model of service to a new client group) would involve compared to an evolutionary one (involving the persuasion of an existing client group to use a new service) As such it has the potential to be of use both as a research tool and as an aid for helping managers in these services to make decisions about the management of the innovation process(es) involved.

Figure 2.2 A typology of innovation in the PSS

```
                          New
                           |
   EXPANSIONARY            |            TOTAL
                           |
                           |                    New
_____|_____
                           |
   Existing                |
                           |
                           |
   DEVELOPMENTAL           |            EVOLUTIONARY
                           |
                        Existing
```
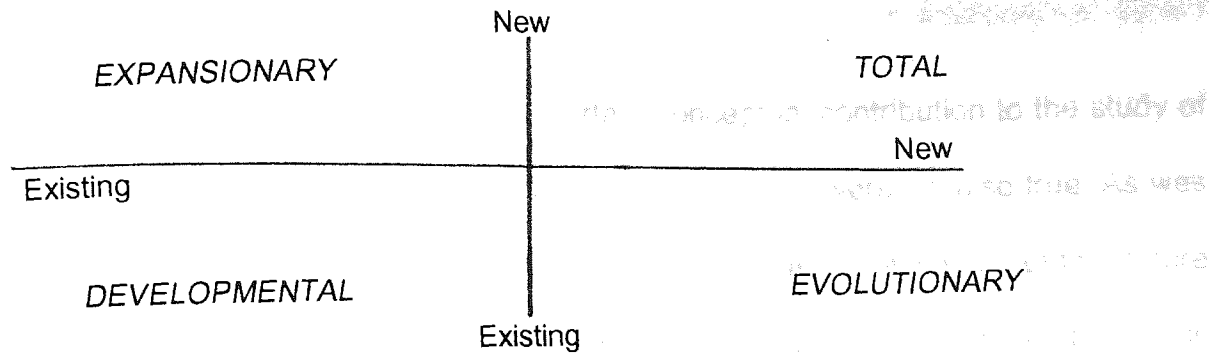
x axis - services of agency

y axis - needs of client (end-user) group

Its particular strength is in allowing discussion of two sets of inter-relationships. These are, first, between *product* and *process* innovation, rather than viewing then artificially as wholly discrete phenonmena. Secondly, between the *producers* and *end-users* of a service. Not only is this important because of the arguable contribution of both these groups to innovation, as discussed above, it is also important given the potential of the end-users of services to be active in their production (or *prosumers,* as Normann (1991) calls them).

Admittedly this modified classification does not specify the origin of an innovation (that is, to use the classification of Baldock, whether it is a 'bottom-up' or 'top-down' innovation). Nor does it acknowledge fully the effect of the social environment upon innovation, by concentrating on the market of its end-users alone. However, these are tasks of analysis *within* this classification and it is argued here that they are facilitated by this more relational approach.

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Organizational theory from the perspective of the voluntary organization literature.

If organization theory can make an important conceptual contribution to the study of voluntary organizations and innovation in the PSS, the reverse is also true. As was discussed above, much of organization theory makes assumptions about the nature of innovation. It often equates it, for example, solely with technological change (in the index to Porter (1985), for example, under the entry 'innovation' it says 'see technological change'). More crucially, it makes invariably a central assumption about the relationship of innovation to the market economy, viewing it is the key link between a competitive environment and the profitability of individual firms. Much as this assumption highlights key issues for some for-profit organizations it also obscures potential discussion about the equally important non-competitive spurs to and consequences of innovation.

This area is recently receiving more attention from writers interested in developing models of how organizations operate in the absence of competition. Huxham (1991;1993), for example, has developed the concepts of 'collaborative capability' and 'collaborative advantage' in this context. She has argued that in much of the discussion of for-profit organizations collaboration is assumed to develop where it will lead to a better competitive advantage for an organization, and increased profitability. By contrast in the governmental and non-profit sectors this spur to collaboration is absent. It is therefore necessary to produce a different analysis of collaboration, which not only illuminates the world of non-profit organizations but also contributes to organizational theory as a whole.

There is clearly an analogous issue in relation to organization theory about innovation, and its assumption of the centrality of a competitive environment. Given the present state of organization theory about innovation, as detailed above, one of the issues to be addressed in relation to voluntary and governmental organizations is why they should choose to innovate in the absence of competition. This is an area where the study of voluntary organizations, and this study in particular, has a relevant contribution to make to the organization studies literature.

Research questions for this thesis.

This chapter has taken an extended tour of three literatures about innovation - those of organization studies, of voluntary organizations, and social administration and social policy. It has then thrown these literatures by contrasting and combining them. Four points arise from this exercise. First, the case for the innovative capacity of voluntary organizations is not proven. There is a deal of normative assertions and/or pejorative argument about it, but little empirical work.

Secondly, much of the discussion about innovation in social services suffers from a lack of conceptual clarity about the nature of innovation, and from a lack of attention to management issues. A good deal of it is descriptive and/or concerned with professional issues of therapeutic intervention.

Thirdly, attention to the organization studies literature can offer some clarity to the above discussions by providing both a conceptual framework for classifying innovation and a series of propositions about its causality. This task has been begun in this literature. It will be developed further below, when exploring possible explanations of the innovative capacity of voluntary organizations.

Finally the study of innovation of voluntary organizations in the PSS has also a contribution to offer to organization theory. This concerns the spur(s) to innovation in the absence of a competitive environment. Again, this will be returned to below.

Four research questions will be addressed in the remainder of this thesis. The first is the empirical and descriptive question of mapping the nature and extent of *innovations* produced by voluntary organizations in the field of the PSS. The second is question of the causality of the innovative capacity of voluntary organizations (*the innovators*) identifiedabove. The third question is the extent to which the answers to the above questions can be combined, to produce an initial model of the innovative capacity of voluntary organizations in the PSS. The final question is to ask whether this model can offer also a contribution to the evolution of organization theory, by developing an explanation of innovation in a non-competitive environment.

CHAPTER THREE.

RESEARCH METHODOLOGY

This chapter discusses the evolution of the research methodology for this thesis. The first section will lay out the issues involved in selecting such a methodology. The second section will then discuss these issues in the context of this specific study, and develop and justify a methodological approach for it. The third section will then describe the tools employed in this study address the issues of the reliability and validity of this chosen methodology. A final section will draw together all these issues and summarise the structure adopted in this study.

Accordingly the first section will begin by reviewing the research process in general, and the relationship between the theoretical and the empirical within this. It will then address the debate about qualitative and quantitative approaches to research and the key issue of the reliability and validity of the data and findings of a research study.

ONE: ISSUES IN SELECTING A METHODOLOGY AND

RESEARCH TOOLS

This section will commence by exploring the nature of the research process. Its starting point will be traditionally-ascribed rational model of the research process. It will then explore the reasons why this is not sufficient in itself, and the issue of the relationship between theory and reality inherent in any such research process.

On the basis of this discussion, this section will then go on to explore the practicalities of designing a research study. It will lay out the key components of the quantitative and qualitiative approaches, as overall *meta-approaches* to research, and explore the key *micro-level* decisions about the operationalisation of these approaches. It will conclude by defining the key issues of reliability and validity in social research and their implications for research design.

The research process.

The research process described in many text-books, and indeed reported in many research studies, is invariably a logical and linear one. It is often called the *rational* model of research. Smith & Cantly (1985) describe six stages in this process. These are:

[i] hypothesis definition: This stage involves defining an hypothesis (either broadly or narrowly) to test in the study. As will be seen below, this stage can either be very precise, in the traditional *scientific* approach to research methodology, or be far more general, in the *grounded* approaches to research. Nonetheless, in either case, the first stage remains 'what do we want to study and why?'

[ii] feasibility study: This stage involves exploring the feasibility and appropriateness of the intended research. It will include a review of the relevant literature, discussions with the relevant key researchers in the chosen field to establish other research in progress, and initial contact with the key informants of the intended respondent group to discuss the practicality of the initial study and its relevance to their work. If all is well at this stage, then approaches to funders will be required to support the study.

[iii] research design and piloting: The next stage requires the design of the research study proper and its analytic framework, and the testing (*piloting*) of the intended research tools. This may be both to refine their efficiency and also as part of the process of testing their reliability and validity.

[iv] main study: This central stage of the process involves the collection of data for the study. In the ideal form of the rational model, this should be separated out wholly from the analysis and interpretation of the data, which is the basis of the next stage. As will be seen below, this central stage can involve a wide range of data collection methods and tools.

[v] data analysis and interpretation: The task in this stage is to apply the analytic framework designed previously to interpret the data collected. This will either be in order to test the hypothesis previously derived from theory (*deductive analysis*) or in order to build a theoretical construct on the basis of empirically derived data (*inductive analysis*).

[vi] dissemination: The final stage is the writing up and dissemination of the research to the relevant communities. Depending upon the focus of the research this might be the research, policy-making and/or practitioner communicaties, and

involves both published articles (in research and practitioner journals), books, and research seminars/presentations.

Indeed, all these steps are required invariably for most research studies. However, for the reasons discussed below, the process itself may well be a far more messy one than is apparent from this model. It may be iterative, have several stages of the process on-going at any one time, and rely for its insight as much upon opportunism and serendipity as upon rational planning.This dynamic and more irrational (or perhaps arational) side of the research process needs to be understood as much as does the more rational side of it. It is not suggested here that the former should replace the latter, but rather that both are present within any research study.

Finally, as Deutsch (1966) has pointed out, any good piece of research will have a built in obsolescence for its theoretical basis and research tools:

> '...(It) ends with the need for a revision of fundamental concepts and underlying strategy...In the end every empirical stage will have bitten off more facts than it can chew and scientists will have to turn to a new philosophic stage for more powerful analytic equipment.' (p. 4)

The process is thus more open-ended, and at times speclative and/or creative, than the rather closed system described by Smith & Cantly.

A critique of the rational model. Within the literature about research methodology, three main critiques of the rational model are outlined. These are the inter-personal context and content of the research process, the arational and paradoxical nature of organizational life, and its political nature. Because of these issues, some authors (such as Buchanan et al 1988) have argued for recognising and embracing the more opportunistic elements of the research process.

[i] The interpersonal context and content of the research process. No matter how objective any research process is, it ultimately involves the subjective interpretation by the researcher(s) of the data obtained from it. One can devise, for example, a highly objective research test of whether a cricket ball hurled at the centre of a kitchen window will break it or not. It requires eventually a subjective judgement, however, that because this has happened a thousand times out of a thousand, then it will always happen.

In the social sciences, this interpretive element of the research process is even more important, for one is frequently involved in interpreting the communications, written or verbal (or indeed non-verbal), of other human beings. At the most general level, this subjectivism of the *real world* has been well captured in the seminal work of George Mead (1972). It is also articulated well in the discipline of semiotics:

> It is extremely difficult to speak about meaning and to say something meaningful about it. The only way to do this adequately would be to construct a language that signified nothing. In this way an objective distance could be established that would allow holding meaningless discourses on meaningful ones.' (Greimas 1990; p.3).

More concretely, Denzin (1970) has discussed the importance of understanding the symbolic nature of human interaction, where the inherent symbolism of an object or act may differ from its surface meaning (the drinking of wine at the alter is not the apparent act of quenching one's thirst, or consuming alcohol for pleasure, but rather a symbolic act within a religious context). Denzin argues that researchers need to be able to understand this symbolic nature of the human condition and to embrace it within the research process:

'Social research (is) a type of symbolic intervention. Role taking must occur, meaningful symbols must be present, situations have to be available, and time has to be allocated for the research. Every research method requires a special combination of these interactive elements... (Research elements) are objects whose meaning shifts because their meaning is created through the process of interaction.' (p. 23)

In these circumstances, Denzin goes on to argue for a multi-technique approach to research which will reveal both this symbolic nature of human society, and allow it to be integrated into the research study itself. This is discussed further below.

*[ii] The political nature of the research process.*The second factor which takes the research process away from the rational model is also linked to its context in the human condition. This is its political nature. Social research does not take place in a vacuum, but rather within the existing and on-going networks of power relationships between individuals and between organizations. The research process requires the negotiation of these power relationships. Benyon (1988) has noted how difficult these relationships can make research. They can make access to the research site, or subjects, difficult; they can affect the information that one is, and is not, allowed to see; and they can lead to a clash of research agendas between key powerful gate-keepers in the research study and the researcher - in the extreme, it can even lead to the former trying to discredit the work of the latter.

This political nature of research is seen in most relief in case study based research, where face-to-face interaction is at a premium. It can affect survey research equally, though, particularly when a key individual is able to limit or prescribe access to the desired respondents of a study. Because of these power constraints, Buchanan et

al (1988) have argued for a pragmatic and opportunistic approach to the research process:

'It is desirable to ensure representativeness in the sample, uniformity of interview procedures, adequate data collection...and so on. But the members of organizations block access to information, constrain the time allowed for interviews, lose your questionnaire, go on holiday, and join other organizations in the middle of your unfinished study. In the conflict between the desirable and the possible, the possible always wins...We would argue strongly that the opportunistic approach (is) appropriate and (does) not invalidate the findings (of a study). We would argue further that many published accounts conceal similar stories of luck or bluff.' (p. 53-54)

This is perhaps an extreme approach to this issue. Nonetheless, it does make the point that research is about negotiation upon behalf of the researcher, rather than 'dictat'.

[iii] *The arational and paradoxical nature of organizational life.* There are two strands to this critique of a rational approach to the study of organizations in society. One is concerned with embeddedness of human action within its societal context, and how it is both a shaper of, and is shaped by, this context (Sztomka 1991). In organizational research, this is linked directly to the institutional approach to organizations detailed in the previous chapter (Powell & Di Maggio 1991). The essential issue here is that organizational life cannot be taken at face value. Processes and procedures can have a symbolic meaning which can only be understood by seeing these organizations in their holistic environment. Meyer & Rowan (1991) give the classic discussion of this approach:

'Formal structures are not only creatures of their relational networks in the social organization. In modern societies...(many) of the positions, policies, programs and procedures of modern organizations are enforeced by public opinion, by the views of important constituents, by knowledge legitimated through the educational system, by social prestige, by the laws, and by the definitions of negligence and prudence used by the courts. Such elements of formal structure are manifestations of powerful institutional rules which function as highly rationalized myths that are binding upon particular organizations...

Many elements of formal structure are highly institutionalized and function as myths.' (p. 44)

Because of the importance of this mythic quality of organizational life, it is important that a research methodology is able to capture it.

The second issue is that, beyond this mythic quality of organizations, there is also a paradoxical side to their nature. This derives from the clash between the formal structural forms of organizations and the personal agency and action of individuals involved within them. Both Van de Ven & Poole (1988) and Cameron & Quinn (1988) argue strongly that any research methodology must embrace and explore this paradoxical nature of organizations, rather than explain it away.

This critique is perhaps different from the two previous ones. Those confronted directly the rationality of the research *process*. The concern here is rather for the attempt to over-rationalise *explanations* of organizations, even when this previous issue has been addressed.

Pettigrew (1990) gives a concrete example of the impact of these issues upon the study of organizational change. He argues for a research approach which

'...challenges rational, linear theories of planning and change where actions are seen as ordered and sequenced in order to achieve rationally declared ends and where actors behave mechanistically and altruisitically in the pursuit of organizational goals. Instead, the task is to explore the complex, haphazard and often contradictory ways that change emerges...Power, chance, opportunism, accident are as influential in shaping outcomes as are design, negotiated agreements and master-plans. (p. 268)

Conclusions about the critiques of the rational model. So far it has been argued that the rational model of the research process in the social sciences is insufficient, in itself, to capture the complexity of organizational life. Rather one needs to accept the constraints upon this model that research within the social milieu entails, and in particular the impact that human inter-action, the political context (in a macro- and micro-sense) of a research study, and the arational/irrational and paradoxical nature of organizations has upon it. It is not suggested here that these constraints invalidate the rational model. Rather, one has to accept its limitations and constraints, and address these realistically in the research design. The implications of this are discussed further below.

*Theory and reality .*A key starting point for trying to resolve this issue, in any research study, has to be the relationship between theory and the empirical data of such a study. As noted above, the process embarked upon may be deductive or inductive, dependent upon where one breaks into the research cycle. These different approaches are illustrated in Figure 3.1. Whilst both these approaches to research are ultimately concerned with the development of theory, the direction from which this task is approached is rather different. From a deductive perspective, Denzin (1970) described theory as

Figure 3.1: The Research Process

Starting point for theory

testing (deductive research)

Theory

(induction)   (deduction)

Implications of data   Conceptual propositions

Analyze data   Testable propositions

Data

collection

Starting point for theory

construction (inductive research)
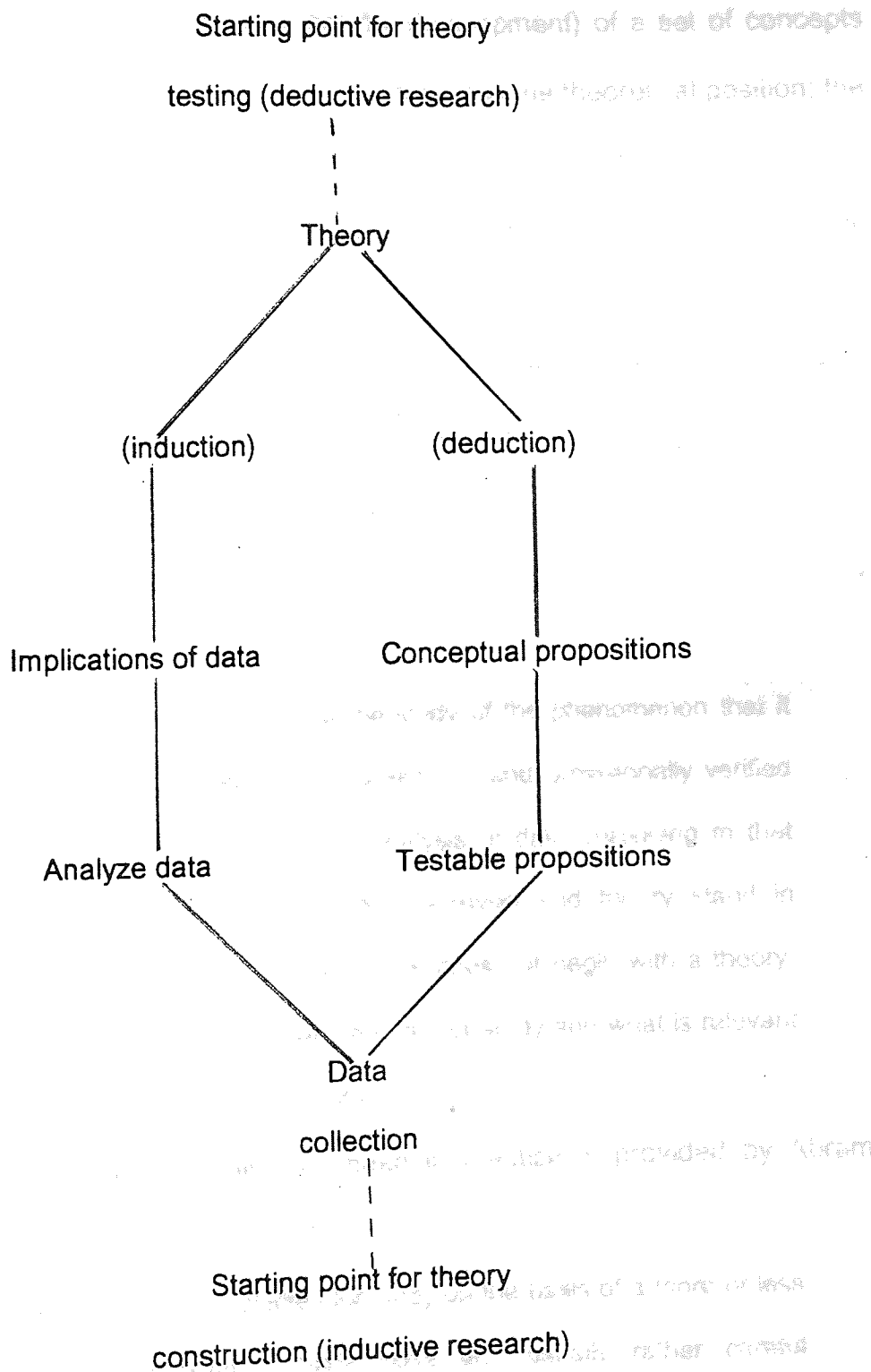
(adapted from de Vaus 1986)

'...a set of propositions that furnish an explanation by means of a deductive system.' (p. 34)

This involves the clarification (and possibly the development) of a set of concepts which form a conceptual scheme, and which encompass the theoretical position; the derivation of a set of testable (and relative) propositions upon the basis of this scheme; and the use of evidence to test these propositions. Upon this basis the original theoretical position is either proven or modified.

By contrast, in an inductive approach, as epitomised in *grounded theory* (Glaser & Strauss 1968), the approach is to start with the analysis of empirical data and then move onto the building of theory upon the basis of this data.

Strauss & Corbin (1990) explore this process in more detail. A grounded theory, they argue, is

'...one that is inductively derived from the study of the phenomenon that it represents. That is, it is discovered, developed, and provisionally verified through systematic data collection and analysis of data pertaining to that phenomenon. Therefore, data collection, analysis and theory stand in reciprocal relationship with each other. One does not begin with a theory, then prove it. Rather one begins with an area of study and what is relevant to that area is allowed to emerge.' (p. 23)

A graphic description of what this can mean in practice is provided by Abrams (1984):

'A local neighbourhood ...is selected for study on the basis of a more or less clearly formulated problem...A fairly close and usually rather careful observational study with or without formally specified quesionnaire procedures is then carried out. In the course of the study it becomes clear

that the issues and problems underlying the research are a great deal more complicated than had at first been supposed...So we set off on a search for intervening or underlying factors...The fine web of conditions within which social action occurs is discovered in the course of the research instead of having been provided for in the research design.' (Abrams 1984, p. 4)

An alternative way of considering the relationship between theory and the real world is provided by Gummesson (1991). He counterposes *positivist* to *hermeneutic* research. He characterizes the former as the the description and explanation of a narrow field of interest by testing hypotheses, which concentrates upon generalization and abstraction and is similar to the process of discovery. By contrast, the latter approach is characterized by the holistic understanding and interpretation of a phenomenon. It concentrates upon the concrete, though it does generate theory. It requires a participant role for the researcher and is more similar to the process of creation.

Ultimately, argues Gummesson, there is no right or wrong resolution of this dichotomy. However, it is an issue which needs to be faced in the design of any research study, in order to put the issue of rationality into perspective. In the deductive approach, the concern has to be not to allow the inherent assumptions of rationality built into this approach to obscure the arationality/irrationality of societal life and action. In the inductive approach, by contrast, the concern has to be not to be blind to the contributions that rationality can make to understanding patterns of arationality/irrationality and paradoxicality in organizational life. The choice, as the game-show host would say, is yours.

Designing a research study.

Once these fundamental issues have been negotiated, one is still left with the (somewhat) more practical issues of designing a research study. There are decisions to be made at two levels with regard to such a design. These are concerned with the overall strategic, or meta-approach, to research design, and with the operationalisation of such approaches within any one research study. At the core of these decisions are the issues of the reliability and validity of any research design. Each of these issues will now be discussed in turn.

Meta-approaches to social research: the quantitative versus qualitative debate.

The debate between quantitative and qualitative meta-approaches to social research is an old one, and one destined to continue. This debate is summarized excellently by Bryman (1988a), which text will form the basis of this brief resume on the issues.

Bryman argues that the quantitative and qualitative approaches represent two distinctive research paradigms, at the meta-level, and a cluster of research methods at the micro-, or operational level. The meta-level decision has first to be made, in any research design. Following on from this, choices of research tools will need to be made, within this overall approach.

The basis of the quantitative approach to social research is positivism. This asserts the superiority of the scientific method for all research, rooted in empirical observation and reality. The researcher formulates from theory specific propositions to be tested, and then designs the research study in advance specifically to test these propositions.

The key feature of this meta-approach is the search for an objective definition of reality:

> 'Quantitative research is often highly preoccupied with establishing the causal relationships between concepts. This concern can be viewed as a transposing of what are deemed to be the ways of the natural sciences to the study of society.' (p. 30)

Thus only phenomena which are concretely observeable can be legitimately classifed as knowledge. This is arrived at by acculmulating facts with which to test hypotheses derived from theory. Finally, positivist approaches argue that the investigator needs to purge him/herself of any pre-determined values before any research study is commenced.

Qualitative analysis, by contrast, is based within the phenomenological tradition. This emphasizes the subjective construction of social action in terms of

> '...the constructs that people use in order to render the world meaningful and intelligible to them.' (p. 51)

This approach thus emphasizes the perspective of the subject in research, the context in which this perspective occurs, the processes involved in how social action is enacted, and the development of theory out of these constructs. Summing up, Bryman describes qualitative research as

> '...the need to interpret what is going on in terms of an understanding of the whole society and the meaning it has for the participants...we can understand events only when they are situated in the wider social and historical context.' (p. 65)

In such an approach, values are not an obstacle to be rid of, but an inherent part of the exploration of social reality.

(44

Both the quantitative and the qualitative approaches are problematic in their extreme formulations. A core issue for both, notes Bryman, is that of their validity. With regard to quantitative research this is an issue of the extent to which the artificial measure(s) utilized in such a study possess any demonstrable links to the concepts which they purport to represent. To take a simplification, it concerns the extent to which a ruler has any relationship to an accepted system of measurement. By contrast, for qualitative research validity is an issue of its reliance upon the subjective interpretation of the views of the subjects of a study by the researcher. This is open to bias in its interpretation:

'We may question why one interpretation has been plumped for rather than any other, and whether it is genuinely one which is consistent with the (subject's) perspective' (p.74)

To take our earlier example, it would involve exploration by the researcher as to why the subject in a study chose to interpret measurement in one particular way rather than another one. This crucial issue of validity is explored in greater detail below.

In summary, both these approaches have their worth, whilst their respective limitations, as detailed above, are irresolvable in isolation. Social scientists therefore have increasingly looked to combining these approaches, in order to reveal differing aspects of a social phenomenon:

'Quantitative research may be conceived of as a means of establishing the structural element in social life, qualitative research the processual...Quantitative research can establish regularities in social life, while qualitative evidence can allow the processes which link the variables identified to be revealed.' (Bryman 1988a, p. 140)

As will be seen in the next chapter, this is the approach to be pursued in this study.

Social Research Methodologies. If the quantitative and qualitative traditions are distinguishable at the meta-level, they also have distinctive micro-approaches to social research. The most common form associated with the quantitative approach is the social survey (dealt with in depth in Moser & Kalton, 1971), whilst the one most associated with the qualitative approach is the case study (Yin 1979). However, as suggested above, it is wrong to separate these methods too strongly, as both can draw from both traditions. The key difference, as Glaser & Strauss (1968) argue, is rather in the impact of these meta-approaches upon the logic of these micro-approaches to data analysis.

Within the quantitative paradigm, the survey approach is based upon *statistical sampling,* where the significance of data is based upon its ability to be representative, and to reflect the nature, of a phenomenon in the wider population. Survey methodology (Moser & Kalton 1971) begins by utilizing statistical techniques to select a sample population. This may be done either on the basis of random sampling, where any part of the population should have an equal chance of being chosen, or on the basis of stratified sampling, where the sample is constructed specifically to represent different parts of the population. These samples are then used to develop artificial constructs which it is argued will encompass the social phenomenon under consideration. These may be developed through quite simple statistical procedures, such as distribution counts, or through more complex procedures, such as factor or regression analysis (Kim & Mueller 1978; Schroeder et al 1986). Whichever approach is adopted, their ultimate significance is dependent upon testing the statistical reliability and validity of the

measures under consideration, though a salutary warning about the strengths, and limitations, of statistical significance testing is given by Shroeder et al (1986):

'Its strength is that in the presence of randomness, the procedure allows us to draw inferences about the population parameters...the weakness of this method is that researchers may forget what exactly it is they have tested. Finding that a coeffficient is significantly different from zero does not imply that the corresponding variable is necessarily important. Statistical significance does not necessarily imply political, social, or economic significance.' (p53)

This warning could also be applied to the use of artificial constructs in general. By definition they are *artificial*. They are concepts to help understand a phenomenon, but are not the phenomenon itself. They are tools to be used as a means to understanding and not the ends, or outputs, of the research process itself.

By contrast, within the qualitative paradigm, case study research is based upon *theoretical sampling,* whereby the significance of data is based not upon its statistical significance but upon its ability to generate generalizable theory. Case study methodology (CSM), is thus explicitly astatistical. Case studies, argues Yin (1979)

'...are generalizable to theoretical propositions and not to populations or universes. In this sense, the case study, like the experiment, does not represent a sample, and the investigator's goal is to expound and generalise theories (analytic generalization) and not to enumerate frequencies (statistical generalisation).' (p.4)

For much of the last centruy, CSM has frequently been seen as the lesser methodology, at best to be used in the initial stages of a study, before the greater rigour of statisitical analysis could be applied. In recent years. however, the rigour of

CSM has increased substantially, as has the number of its advocates. The core text here is undoubtedly Yin (1979).

Van de Van (1988) has argued that CSM has four pre-requisites for significance:

* a clear set of concepts covering the phenomenon being studied;

* systematic methods for observation;

* methods for the representation and reduction of raw data; and

* a 'motor theory' to underline the approach as a whole.

Pettigrew has taken these observations further, in his use of CSM in research upon organizational change. He argues strongly for *embedding* data in its societal and temporal contexts and for looking for holistic rather than linear explanations of social processes (Pettigrew 1990; 1992. See also Ferlie & Pettigrew, 1992, for an example of this approach in action).

Again, it is false to see the survey and case study approaches to social research as alternatives. Just as quantitative and qualitative meta-approaches have much to offer in complimenting each other, so do these micro-methodological approaches. Increasingly therefore, social researchers have turned to such combination, known as *triangulation* (Denzin 1970), in order to enrich their data analysis and to provide multiple sources of data verification.

Triangulation. Denzin actually argues for four types of triangulation: investigator triangulation (using more than one investigator to reduce individual bias), theoretical triangulation (using different theories to pose different explanations of a social phenomenon), data triangulation (using different types of data within one method, in order to gather different perspectives on the phenomena being investigated), and methodological triangulation (using different research methods to investigate a

social phenomenon, in order to provide mutual verification of findings and/or differing perspectives upon it). In practice, it is the latter approach which has been most adopted under the banner of triangulation, though the others are important. Denzin situates the importance of triangulation within the debate over the rival causal explanations of any social phenomenon. No one method, he argues, can adequately arbitrate between these rival explanations. Therefore,

'...because each method reveals different aspects of empirical reality, multiple methods of observation must be employed...Multiple methods must be used in every investigation, since no method is ever free of rival causal factor.' (pp. 28-29)

At the heart of this debate about rival causal factors are the issues of reliability and validity in social research, and it is to this issue that the final part of this section section is devoted.

Reliability and validity in social research .A critical concern in any research study, whether quantitative or qualitative, is the extent to which it uncovers something meaningful about its focus, rather than simply reporting and/or justifying the subjective observations and opinions of the researcher. At stake here are the reliability and validity of the study.

The issues of reliability and validity in social research have been well explored within both the quantitative tradition (Carmines & Zeller 1979) and the qualitative one (Kirk & Miller 1986). However, although the methods that one might use to determine the reliability and validity of a piece of research are different in each tradition, the underlying issues are the same.

Reliability. This deals with the consistency of a research tool or finding. Within the quantitative approach, it is concerned with the reduction of random error, and

'...the extent to which any measuring procedure yields the same results on repeated trials.' (Carrnines & Zeller 1979, p.11)

Perfect reliability is virtually impossible for any research study, because of the presence of *random error,* or chance features which will confound the measurement of a phenomenon. This will be present in any research study. The key issue in reliabiltiy is therefore the extent of the random error in a research study:

'...a highly reliable indicator of a theoretical concept is one that leads to consistent results on repeated measures because it does not fluctuate greatly due to random error.' (Carmines & Zeller 1979 p.13)

In algebraic terms, Carmines & Zeller suggest that, for a quantitative study, if

$$x=t+e$$

(where 'x' is the observed score, 't' is the hypothetical true score, and 'e' is the random error), then the reliability of a measure is the ratio of t:(t+e).

Within the qualitative tradition, reliability is equally important. Yin (1979) describes it as conducting

'...the research so that an auditor could repeat the procedures and arrive at the same result.' (p.45)

Kirk & Miller (1986) note an analogous argument. They specify that it requires a clear case study protocol, which would allow the replication of that study, the use of recording mechanisms to yield consistency across the case study as a whole, and the development of causal explanations where each step in the logical chain is explicated and explicable.

Validity. Reliability, by itself, is not sufficient to ensure the validity of a piece of research. Again, as Carmines & Zeller note, a ruler can be half an inch out in its measurement. As such it will be reliable (consistent) in the sense that it will always give the same results, but it will not be valid in that these consistent results will be wrong, within the confines of the chosen scale/constructs of measurement.

If reliability is concerned primarily with *consistency*, therefore, then validity is concerned with the *rightness* of a research tool or study. Such rightness is not absolute but relational, though. A measure is valid if it measures what it is supposed to measure. It is about the relationship between a measure and the theoretical concept which it purports to represent:

> '...one validates not the measuring instrument itself, but the measuring instrument in relation to the purposes for which it is being used.' (Carmines & Zeller 1979, p.17)

Within the quantitative approach, validity is once again usually expressed in statistical terms. If reliability was concerned with random error, then validity is about non-random error:

> '...invalidity arises because of the presence of non-random error, for such error prevents indicators from representing what they are intended to: the theoretical concept.' (Carmines & Zeller,1979, p15)

The question to be posed is therefore not 'is this measure valid?', but 'is this measure valid for the purpose that it is intended?'

This is also true of qualitative and case study research, though the proposal is not statistical. Here the focus is rather upon situating the data in any study within the societal context within which it is embedded. This requires attention to the theoretical frame within which any study is being conducted (Kirk & Miller !986). Thus, to go back to our previous example, it would not be possible to understand the phenomenon of holy communion in the Christian church by reference to the theory of the fermentation of alcohol and its affect upon the human body. This would require to be embedded within a different set of beliefs in order to derive a valid analysis of it.

Kirk & Miller (1986) discuss the practical difficulties that the search for validity can generate. Using an exisiting method to validate another one begs the question of the validity of the previous measure. Nor is it any more easy to use a theory to validate

the results of a study. A discrepancy could point to an error either in the theory *or* the research.

The demonstration of validity is thus a much harder process than for reliability. Within both the quantitative and qualitative traditions, the most common test of validity in the social sciences is that of *construct* validity. This is concerned with the links between the research tools used and an over-arching theory which gives them meaning. In quantitative analysis, it is

> '...concerned with the extent to which a particular measure relates to other measures consistent with theoretically derived hypothesis concerning the concept (or constructs) being measured.' (Carmines & Zeller 1978, p23)

By contrast, within CSM it requires that the research design embodies a

> '...theory of what is being studied. (Its) development prior to the collection of any case study data is an essential step in doing case study research.' (Yin 1979, p.36)

The key to *construct validity* in any form of research research is methodological triangulation, as detailed above:

> 'The most fertile search for validity comes from a combined series of difference (sic) measures, each with its idiosyncratic weaknesses, each pointed to a single hypothesis. When a hypothesis can survive the confrontation of a series of complementary methods of testing, it contains a degree of validity unattainable by one tested within the more constricted framework of a single method.' (Webb, quoted in Kirk & Miller 1986, p.30)

The other tests of validity are *criteria validity* (the relationship between a test and what it is supposed to be measuring), and *content validity* (the extent to which a test reflects the full domain that it is intended to and not just part of it).

Conclusions

This section has provided an over-view of the theoretical and methodological issues that have to be resolved in designing a research study. It has examined:

* the nature of the research process;

* the connection between theory and empirical reality;

* the differences between quantitative and qualitative approaches to social research, at the meta-level, and between survey and case study research at the micro level;

* the rationale for triangulation in research design; and

* the key issues of reliability and validity in social research.

The unifying thread through all of this, it is argued, is that of triangulation. The social world is so messy and the nature of social phenomenon so multi-faceted, that no one approach can hope to capture the whole picture. Multiple methods and sources of data are required both because they allow for multiple checks upon their reliability and validity, and because they reveal differing aspects of social reality. However, this is not a recipe for the arbitrary assemblage of research methodologies, on the facile argument of 'eclecticism is best'. Rather it requires the careful mapping of research tools within the overall study so that both the issues of mutual validation and multiple perspectives are addressed. This difficult issue will be discussed in the next section, in regard to this research study.

TWO: THE RESEARCH METHODOLOGY

EMPLOYED IN THIS STUDY

This thesis concerns the role of voluntary organizations in innovation in the PSS in England. As was demonstrated in the literature review, innovation has become a defining characteristic of voluntary organizations in the field of social policy and administration. There has, however, been almost no attempt to explore this contention, either empirically or within a theoretical framework.

This study is intended to rectify this ommission. It is intended both to provide an empirical mapping of the nature and extent of innovation by voluntary organizations in England, and to develop a model of their innovative capacity.

Such a study as this could be placed within both the research meta-frameworks described above. The approach adopted here will combine both. The first part will be within the quantitative framework. Working deductively, it will seek to structure and map the innovative activity of voluntary organizations. The second part will be within the qualitative framework. This part will work inductively, to explore four possible hypotheses about the processes through which the innovative capacity of voluntary organizations is realised. The findings from both these sections will then be integrated to form the initial model of the innovative capacity of voluntary organizations.

This section will outline the methodological approaches employed in this thesis. It will commence by outlining the key concepts for the research study, and will describe its structure and process. It will then describe the research tools employed

in the study. It will conclude by demonstrating their reliability and validity.

Key concepts

Four concepts are central to this study. They are those of:

* an organization;

* a voluntary organization;

* the environment; and

* innovation

This section will define and operationalise each of these in turn, and also produce a classificatory mechanism, where appropriate.

The concept of an organization. This concept is fundamental both to the field of *organization* studies and of voluntary *organizations*. Not surprisingly, there are an enormous variety of definitions of what constitutes 'an organization' - indeed almost as many as there are studies of organizations. At one extreme, Morgan (1986) has devoted a book to differing perceptions and metaphors about organizations, whilst Abrahamsson (1993) has questioned the reasons why organizations exist at all. At the other extreme there are a number of otherwise excellent studies (such as Alter & Hage 1993) which do not feel the need to define their basic unit of analysis.

For the purpose of this study, the approach of Leavitt (1965), as adapted by Scott (1992, pp. 16-21) is perhaps the most useful. This sees organizations as composed of four inter-acting components. These are:

* its *social structure* - that is, it has a formal existence and some

'...patterned or regularized aspects of the relationships exisiting

among participants...';

* its *participants or social actors-* that is, those individuals '...who, in return for a variety of inducements, make contributions to the organization...';

* its *goals-* that is, their '..."desired ends" - conditions that participants attempt to effect through the performance of their tasks...'; and

* its *technology* - that is, '...a mechanism for transforming inputs into outputs...Technologies consist inpart of machines and mechanical equipment but also comprise the technical knowledge and skills of participants.'

Crucially, Scott makes the point that these organizational components do not exist in a vacuum. Rather they exist in

'...a specific physical, technological, cultural, and social environment to which (the organization) must adapt. No organization is self sufficient; all depend for survival on the types of relations they establish with the larger systems of which they are a part. Early analysts of organizations...tended to overlook or underestimate the importance of organization - environment linkages, but recent work places great emphasis on these connections. (p. 20)

This thesis is very much within the remit of these latter studies, and the concept of the environment will therefore be explored further below.

The concept of a voluntary organization. This was developed in chapter one, above, and draws upon the work of both Bourdillon (1945a) and Salamon & Anheier (1994). To paraphrase this discussion, a voluntary organization is an independently founded organization, with a formal structure. It is governed by a management committee, or board, which manages the activities of the organization with final responsibility for its actions. A voluntary organization cannot distribute any surplus

acrued from its mission-critical activity, but must re-invest this in its activities. It is also differentiated from government in having voluntary sources of income not raised from taxation. Finally the motivation of a voluntary organization is not be financial gain, but has some normative value.

The concept of innovation. This was discussed extensively above, in chapter two, and so also will only be re-stated here. Innovation is the introduction of newness into a system usually, but not always, in relative terms and by the application (and occasionally invention) of a new idea. This produces a process of transformation which brings about a discontinuity in terms of the subject itself (such as a product or service) and/or its environment (such as an organization or society).

The concept of the environment. It is important here to differentiate between two different environments, both of which have significance for an organization. These are its external and internal environments.

[i] The external environment. As important as delineating the concept of an organization is the task of defining the external environment within which it exists. Four types of approach are available here.

The first is concerned with the wider social environment in which organizations operate, made up of the localities in which they exist. This is essentially a geographic and spatial concept and concerns the characteristics of these localities and the set of relationships contained in each locality. An important concept in this case is that of the network of relationships within any locality (Camagni 1991b). This is discussed further below.

The second type of approach is primarily a sociological one. This is concerned with the societal *sector* that an organization operates within. This is defined by Scott & Meyer (1991) as comprising

> '... (those) organizations within a society supplying a given type of product or service together with their assorted organizational sets.' (p108)

They differentiate between three ways in which to understand such societal sectors. The first is the *organizational set*, which emphasises resource dependency and power relationships between organizations (Aldrich & Whetton 1981). The weakness of this approach is that it stresses direct rather than indirect or emergent relationships, and that it obscures the problems of inter-relationships by focusing upon the perspective of individual ones.

The second approach is that of the *organizational population*, developed by the organizational ecology school (Hannan & Freeman 1989). This focuses attention upon competing organizations within a population of organizations with similar dependencies and upon issues of survival and growth. However, as was noted above in relation to organization theory in general, it does tend to assume competitive rather than cooperative relationships.

The third approach is that of the *inter-organizational field*, which focusses upon the inter-relationships between organizations within a field of shared interest. It places a premium upon the processual and adoptive mechanisms which operate within these fields (Di Maggio 1983). The weakness of such approach is the inverse of that of the organizational set, in that it focusses upon the wider picture to the detriment of individual organizations, and emphasises inter-organizational environment to the detriment of the intra-organizational environment.

The final approach to the external environment is the institutional approach. This conceptualises the environment as being comprised of

'...socially created conceptions of appropriate organizational practices, competences, and behaviours that are supported and enforced by a wider range of corporate actors and forces...Organizations reflect the requirements and expectations of the institutional environment in their structures and operations to gain the legitimacy and resources needed to survive and grow.'

(Tucker et al 1992, pp 48-9)

These authors argue that human service organizations are particularly prone to their institutional environment, because of their dependence for their survival upon 'higher order collectivities' (such as their funders). They thus have to place a greater emphasis upon this institutional environment than other organizations. Moreover, as noted above, Singh et al (1991) have argued that voluntary organizations are also especially vulnerable to their institutional environments:

'Because (voluntary organizations) have somewhat indeterminate technologies...they are limited in their ability to demonstrate their effectiveness in terms of conventional output, efficiency, and process criteria. Under these conditions...social criteria, like the satisfaction and approval of external constituences, are more likely to be used to judge effectiveness. This suggests that (voluntary organisations) are specifically vulnerable to conditions and constraints that have their origins in the institutional environment and that factors such as the acquistion of external institutional support significantly affects their suvival chances.' (p 392)

From this perspective, it would seem that voluntary organizations working in the PSS are doubly prey to their institutional environment.

In this study the focus will be upon both the organizational sets and inter-organizational fields which make up the social environment of voluntary organizations working in the PSS and within agreed geographical boundaries; and upon the institutional environment which creates and constrains the actions of these organizations.

The internal environment. Just as the external environment of an organization is important, so is its internal environment. This has also been discussed in a previous chapter, and it includes:

* the size of an organization;

* the nature of power and leadership within an organization; and

* the communication channels and task definitions within an organization.

Operationalising the key concepts

Voluntary organizations. There are numerous approaches to classifying voluntary organizations. As has been noted elsewhere (Hatch 1980), none of these is necessarily right or wrong. They are rather more or less useful in the context in which they are being applied.

The approach taken here is to use a simple two-dimensional matrix. The one dimension of this concerns the orientation of the organization - that is, is it concerned with the needs of its members alone (self-orientated), or with the needs of other people not members of the organization (other-orientated). This latter group is further distinguished between service delivery organizations, concerned with direct services to individual clients, or intermediary organizations, providing services to other organizations.

The second dimension concerns the client focus of the the organization. This might be upon either children and their families, adult communty care, or upon more general needs which could affect children or adults.

This two-dimensional approach is one which has been used elsewhere with success, notable in Handy (1988) and the Wolfenden Committee (1978). These dimensions are brought together in Figure 3.2 below, with illustrative examples of each type of organization within the matrix.

This approach has three advantages. First, it allows one to explore if either of these dimensions is significant in the innovative capacity of voluntary organizations. Secondly, because this approach has been used elsewhere it has a level of construct validity within the field and can also be related to this other work. Finally, it is simple. A more complex classification could almost certainly have been used (such as one based upon the international classification of non-profit organizations). However this could pose the danger of the classification method coming to dominate the study, rather than being a tool. In this study therefore a version of Occam's Razor was applied to the classification of voluntary organizations - *as simple as it can be, as complex as it has to be.*

Innovation. A classification of innovation was developed earlier, in chapter two above. This is based upon the dimensions of the impact of an innovation upon the services of an organization and upon its benficiaries (Figure 2.2). This is the approach which will be adopted here.

The environment. Again, it is important to consider here both the internal and external environments of an organization.

Figure 3.2. A classification of voluntary organizations

Client group	Orientation		
	self-oriented (self help groups)	other-oriented (service delivery)	intermediary (infra-structure support
children & families	parents group	family centre	play-group association
adults	social club for deaf peole	residential home	?
general	support groups for children & adults with a specific condition (such as muscular dystrophy)	community transport scheme	council for voluntary service

The external environment. On the basis of the above discussion of the nature of the external environment, and the previous discussion of key concepts in organization theory, this will be operationlised upon three levels. At the broadest level, the external environment will be conceptualised in terms of its *institutional basis* (Powell 1991). Secondly, this will concern the wider social forces and pressures which act upon organizations. The localities within which organizations are operating will be conceptualised in terms of local *networks* (Nohria 1992). Sometimes these will be formal networks of organizations, created for specific puposes (such as planning groups). Frequently however they will be informal entities, created as secondary entities from other activity. This activity might be, for example, joint working between agencies, membership of a professional/trade association or involvement in a specific campaign.

Finally, the nexus between the external environment and an organizations will be understood in *systemic* terms (Scott 1992). In particular attention will be paid to the extent that each organization is a *closed* system, which has limited, or no, need for input from the external environment in order to meet its goals; or an *open* system where the organization is dependent upon interaction with the wider enviorment in order to meet its goals.

The internal environment. The dimensions of this were specified earlier also, both in the previous discussion of the organization studies literature and in this chapter. In this study, the focus will be upon the size of an organization, its organizational leadership, and the nature of communication and of task allocation inside the organization.

The structure and process of the research study

The structure of the research. This research study consists of three parts. The first is concerned with exploring and mapping the extent and nature of the innovative activity of voluntary organizations. It is concerned with the *innovations* produced by voluntary organizations. This will produce, for the first time, an empirical description of the innovative activity of voluntary organizations.

The second part involves testing the four sub-hypotheses which could offer explanations of the capacity of voluntary organizations to produce the innovations detailed in the first part. It is concerned with voluntary organizations as *innovators*. This part will be analytic rather than purely descriptive, and explore some of the causal factors in the innovative capacity of voluntary organizations.

The final part of the study will be concerned with integrating the findings from the previous parts of this study, to build an initial model of the innovative capacity of voluntary organizations. It is thus primarily concerned with theory building. It will also relate the research reported here back to the literature explored earlier, and consider its contribution to this literature. This structure is illustrated in Figure 3.3.

This structure not only allowed different aspects of the innovative capacity of voluntary organizations to be explored, it also allowed for a level of cross validation between the different stages involved.

In addition to the main study, a parallel, in-depth, longitudinal case study of the role of individual agents in innovation in voluntary organizations was also undertaken. This is described and discussed in detail in Appendix A. It will also be referred to, where appropriate, in the main text.

It should be emphasised that Figure 3.3 is very much a representation of the research structure and process, to facilitate its understanding. As was discussed in the previous section of this chapter, the reality of the research process is often both less linear and less rational. Thus, for example, although Figure 3.3 seperates out 'presentation to the research and practitioner communities', as part of the final section of the study, this was also an on-going part of the study (though with greater emphasis and impact at the end). Similarly, elements of the analytic stage, such as discussions with key informants were also on-going. This is not to say that the process outlined here is a fiction. In fact it represents where the bulk of work in each stage was loaded and also their place in the research process. It may, perhaps, best be considered a two-dimensional representation of what was in actuality a three-dimensional process.

Figure 3.3 also under-represent some of the irrational and serendipitious aspects of research. A good example of this latter point is the extent to which the three (geographically chosen) localities for the case studies turned out to be utilising three differing mechanisms for the coordination of the provision of the PSS (as discussed below). This was not planned for, but did add immeasureably to the analysis of the study.

*The research process.*The time-scale of this study is shown in Figure 3.4, and its process in Figure 3.5. The stages of this process will be discussed briefly below.

The Feasibility Study. The first stage of any study is to define a research area and to map out a distinctive topic for analysis. This is essentially an iterative process of reviewing the key literature and of discussing possibilities with significant peers and key informants in the sector. The topic of the innovative role of voluntary

FIGURE 3.3: THE RESEARCH STRUCTURE
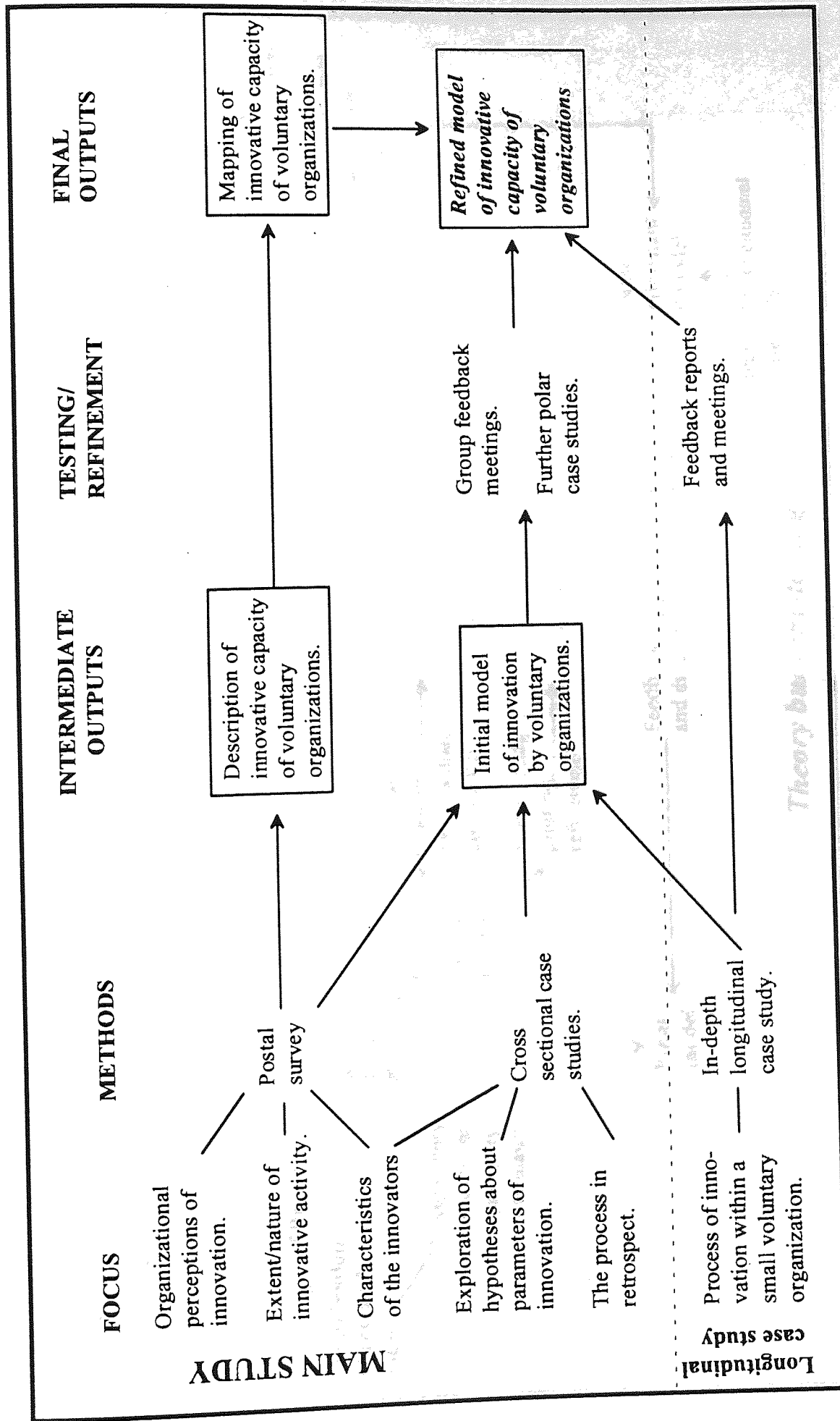
FIGURE 3.4: THE RESEARCH PROCESS
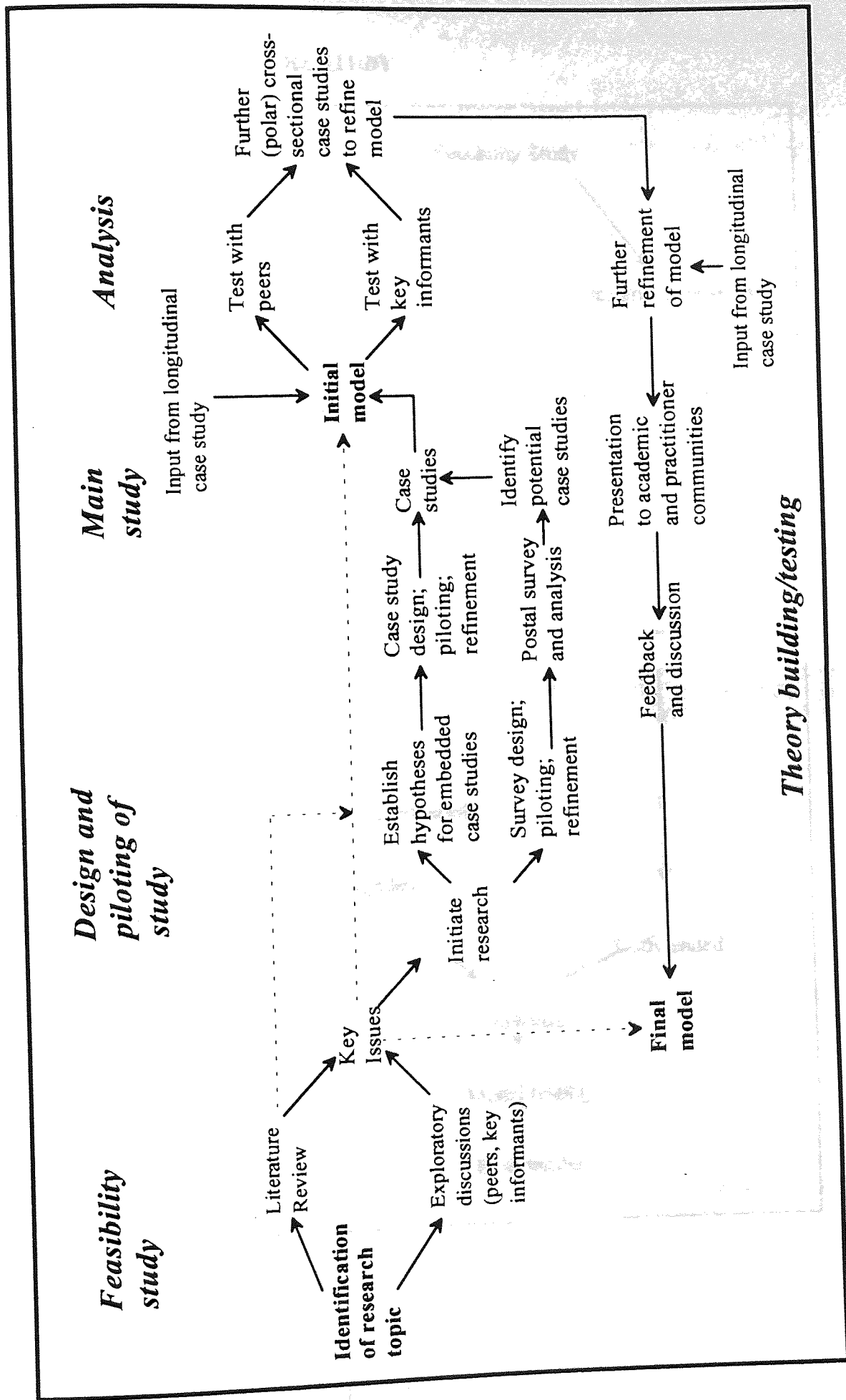
FIGURE 3.5: TIME SCALE OF THE STUDY

	Feasibility Study	
Summer 1990	Survey/cross-sectional case studies	Longitudinal case study
Autumn 1990		Study commenced
Spring 1991	Application for funding	
Autumn 1991	Funding agreed	
Spring 1992	Develop and pilot research tasks	
Autumn 1992	Postal survey	
Early 1993	Case studies commenced	
Summer 1993	Case studies ended	
Autumn 1993		Study ended
Winter 1993	Analysis	
Spring 1994	Model testing	
Summer 1994	Final model	

organizations was suggested by the profile being given to it in social policy developments in the late 1980s and early 1990s. The policy intent was to replace the unitary financing and provision of the PSS by local government with a purchaser-provider split.   Local government was to become the planner and purchaser of services, whilst the independent sector (including voluntary organizations) was to become the provider (Griffiths 1988; Department of Health 1989). The origins of this policy development were complex and beyond the remit of this study. A good summary of them is to be found in Wistow et al (1994).

A review of the literature and exploratory discussions revealed a remarkable lack of any substantive work upon this topic. Further discussions and reading suggested several key themes which could be explored in this proposed study:

*   the ways in which innovation was perceived by the key actors;

*   the extent of actual inovation by voluntary organizations in the PSS;

*   the parameters governing the innovative capacity of voluntary organizations, and the underlying forces and relationships which shaped the innovative capacity of voluntary organizations;

*   the process of innovation within voluntary organizations; and

*   the extent to which it was possible to use organization theory to develop a model of the innovative capacity of voluntary organizations.

On the basis of these issues a research proposal was developed to address them. Funding was subsequently obtained from the Joseph Rowntree Foundation. This was upon the basis of the recognition of the significance of the issues identified, in terms of the development of social policy.

*The survey and cross-sectional case studies.*The survey stage of this study was intended to achieve three goals:

*   to establish what they key actors within voluntary organisations understood by *innovation;*

*   to map the extent of innovation, both in terms of the perceptions of the key actors involved and in terms of the theoretically derived understanding of innovation; and

*   to test out some basic organizational parameters which might structure the innovative capacity of voluntary organizations.

The cross sectional case studies were designed to test out the four hypotheses of the innovative capacity of voluntary organizations derived from the literature (above).

The survey. This was intended to provide the initial over-view of the innovative activities of voluntary organizations. Moser & Kalton (1971) and de Vaus (1986) provide good studies of the survey process. The first stage is to decide upon the type of sample to be employed. This could be

*   a simple random sample,

*   a systematic sample,

*   a stratified sample, and

*   a cluster sample.

de Vaus notes that the first two of these require a good sampling frame of the target population to be available. Unfortunately, this is not the case with the voluntary sector (Osborne & Hems 1995). The sector itself is so diverse, and the information upon it so fragmented, that no such unified sampling frame exists.

A stratified sample would have required some fore-knowledge of the types of variables which were significant in the research study. However, as noted previously, there is little empirical knowledge about the innovative capapcity of voluntary organizations.

Because of these factors, it was decided to use cluster sampling in this study. Moser & Kalton (1971) describe this as

> '...a multi-stage sampling (technique) in which maps, rather than lists or registers serve as the sampling frame.' (p. 118)

This involved a census of all voluntary organizations involved in the field of the PSS to be taken, without any prior decisions about the key variables involved. It also had other advantages. First, it allowed one to include the full diversity of voluntary organizations working in the PSS, from small self-help groups to the large national charities, without prejudging the relevance of any of these. Secondly, it allowed different spatial environments to be explored. In this case it was decided to focus upon a rural, an urban, and a suburban environment. This allowed the study to explore whether the dimensions of these different spatial environments were influential or not. It also allowed a more in-depth look at the institutional and network factors at play in each locality and provided the basis for the later cross-sectional case studies. This cluster sampling approach has been used before in research about voluntary organizations, to good effect, and notably in the research which formed the basis of the Wolfenden Report (Wolfenden Committee 1978; Hatch 1980). Within this sample frame, it was decided to use a census of all voluntary organizations, for the reasons outlined above.

The questionnaire to be used in the survey was designed to produce data about the way in which voluntary organizations perceived innovation, together with its extent. Some basic organizational parameters were also obtained to assist in mapping this data in relation to the spread of innovative activity. Because of this it did not give any pre-determined definition of innovation. Rather it asked the respondents to give examples of innovation, where appropriate, by their own organization. This was felt to be more effective than asking them to define innovation, which would have been more of a test of their command of the English language, as well as providing good case examples of innovation for the study. These self-perceptions of innovation were subsequently tested out against a template of *genuine* innovation derived from the literature, in order to validate (or otherwise) their perceptions.

The questionnaire was designed to be as brief as possible, and to lead the respondent through its content from relatively straight forward questions about their organization into the more thought provoking ones about innovation. A copy of the questionnaire in containes in Appendix B. The questionnaire was piloted on a small sample of local voluntary organizations, not in one of the sample areas, and refined following this stage. It was then posted to each locality in series, together with a covering letter (also in Appendix B) and a Freepost return envelope.

The information from the survey was subsequently analysed in two ways. First the classification of innovation derived in this study (above) was used to map the extent and distribution, and detail the type, of innovative activity engaged in by voluntary organizations. Secondly, the basic organizational characteristics were matched against this classification to describe the voluntary organizations involved in this activity. These characteristics were analysed in two ways. First, basic distributional

also (that is, they were what Yin (1979) calls *embedded* rather than *holistic* case studies).

The case studies were developed in parallel, moving from one research site to the next in a seriel manner. This approach allowed emerging propositions to be tested upon an iterative basis, as the study moved from geographic site to the next one. For example, it became clear early in the first area that the issue of local networks was a significant environmental factor. This was examined in further detail in the second site, and a tentative hypothesis about this factor was formed. This hypothesis was then tested further in the final research site.

Moving onto the actual structure of the case studies, Yin (1979) defines a case study as

> '...an enquiry that:
>
> *   investigates a contemporary phenomenon in its real life context; when
>
> *   the boundaries between the phenomenon and context are not clearly evident; and in which
>
> *   multiple sources of evidence are used.' (p 23)

He argues that case studies have often been seen as the 'weak sibling' of the research strategies, but that this is based upon a misunderstanding of their particular strengths. These are their ability to be useful in an uncertain environment and to answer *how* and *why* questions. He contrasts this both with experimental design, which also focusses on those question, but it is in a controlled environment; and with survey research which asks *who, what, where, how many* and *how much* questions.

statisitics were used to explore possible patterns and their significance estimated using chi-2 tests. Secondly these basic statistics were used to drive more complex and relational analyses, using the technique of Discriminant Analysis. These analyses, and their findings, are discussed in greater detail below.

In isolation, such a survey would be of limited use. De Vaus (1986) notes that surveys are poor at establishing causation, can often take behaviour out of its context, can supply a spurious rationality to limitary data, and simply are unable to consider some aspects of a topic (such as processual ones). Because of these limitations this study combined this survey with a series of cross sectional case studies.

The case studies. Case studies can either be single, unitary, entities, or a cross-section of entities joined by a common focus. In this study the latter approach was adopted. Each case study explored a different aspect of the innovative capacity of voluntary organizations. The first consisted of organizations with a demonstrable innovative capacity; the second consisted of organizations which had developed their services but without the element of discontinuity essential to genuine innovation; and the final case consisted of organizations which had not felt the need to develop or innovate in their service delivery, and so were continuing to provide the traditional services which they had previously.

These cross-sectional case studies were based within the three populations of voluntary organizations which formed the sample frames for the survey. This allowed for a degree of synergy and mutual validation between these two stages of the research process. However, the studies were not focussed at the population level alone. Rather the issues of inter- and intra-organizational issues were explored

Yin is careful to differentiate case study research from being simply a sub-process of the qualitative tradition as defined earlier. He maintains that it is as appropriate for hypothesis testing in the deductive tradition as for the inductively based grounded theory, or for ethno-methodological approaches. Indeed in this research study, the case studies are used deductively, for testing the four hypotheses of the innovative capacity of voluntary organizations.

Yin delineates five components of case study designs. The first of these is the *study question*. Case study research requires clarification of the questions being asked, in order to confirm the relevance of the methodology. In this study, case studies are being used to address two *how* and *why* questions:

* how does the process of innovation evolve within a voluntary organisation; and

* why are some voluntary organisations involved in innovative activity and others are not.

The second component is to turn these questions into *propositions* to be addressed. This is the stage of operationalising the general study questions into propositions which will then point to the type of evidence and analysis required in the case study. Here, for example, in the cross-sectional case studies four specific hypotheses were derived to be tested and these informed both the tools and the methods of the study.

The third component is the *unit of analysis* - what the case itself actually consists of. Depending upon the study this could vary from an individual person to a locality. The unit of analysis should always refer back to the study questions. In this case, the case focus is upon populations of organizations, and their inter- and intra-organizational relationships.

The fourth component is that of *linking the data to the propositions*. This requires that appropriate research tools are designed which will enable each proposition to be tested by the data available. This issue is addressed in more detail below. The last component of the study is *the criteria for interpreting the findings of the study.* This concerns issues of reliability and validity in data analysis and is discussed below in the next section of this chapter.

Yin also makes the point that *theory building* is an inherent part of the case study process, and needs to be planned from the start. Unless the case study really is to be based within the inductive tradition then this needs to be part of the development of study questions and propositions and not just addressed in the later stages of the study.

In this respect case study research has much in common with other forms of data collection, such as social survey research. However, in the process of generalising from the case study up to theory there is an important distinction. Whilst survey research will develop theory upon the basis of statistical generalisation alone, the case study cannot do this, because it cannot demonstrate a link to the population as a whole of sufficient significance. In this case, theory development has to be on the basis of analytic generalisation:

> '...in which a previously developed theory is used as a template with which to compare the empirical results of the case study. If two or more cases are shown to support the same theory, replication may be claimed. The empirical results may be considered yet more potent if two or more cases support the same theory but do not support an equally plausible "rival theory".'(p 38)

This does not mean that statistical generalisations may not be used within a case study theory but that their significance depends upon their analytic robustness.

A central part of case study methodology is the collection and analysis of evidence. Yin specifies six sources of this:

*   documentation,

*   archival material,

*   interviews,

*   direct observation,

*   participant observation, and

*   physical artifacts.

Analysing such data can be problematic because of the sheer quantity of it as much as anything. Yin urges that the analysis must be linked to the theoretical underpinning and the research propositions of any study, if it is not to degenerate into plain description and/or incoherent analysis.

Even then, however, it is easy to see one becoming overwhelmed by the sheer weight of data. Because of this, methods of data reduction are an essential part of any case study research. Miles & Huberman (1984) in their excellent source-book of analytic methods for case studies argue that these methods are not simple mechanical processes prior to analysis:

'Data reduction is not something separate from analysis. It is part of analysis. The researcher's choice of which data chunk to code, which to pull out, which patterns summarise a number of chunks, what the evolving story is, <u>are all analytic clues.</u> Data reduction is a form of analysis that sharpens, sorts, focusses, discards and organises data in such a way that 'final' conclusions can be drawn and verified.' (p 21)

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From this perspective, Miles & Huberman offer a series of data reduction techniques, based upon matrices and grids, to facilitate the analysis of case study data. These types of approaches have been employed with effect in this study. The data collection and analysis techniques are described in more detail below.

As noted previously, these three case studies were structured to test four hypotheses about the innovative capacity of voluntary organisations, developed from the literture review above. The four hypotheses are:

* that the innovative potential of voluntary organisations is a function of the organisational characteristics of these organisations, such as their structure, formalisation and autonomy *[the organizational hypothesis]*;

* that the innovative potential of voluntary organisations is a function of the internal environment of these organisations, such as their size, organisational leadership and channels of communication *[the internal environmental hypothesis]*;

* that the innovative potential of voluntary organisations is a function of their relationship to their external environment *[the external environmental hypothesis]*; and

* that the innovative potential of voluntary organizations is the result of the institutional framework of the activities of voluntary organizations *[the institutional hypothesis]*.

The theoretical bases of these hypotheses, as detailed in the literature, are detailed in Figure 3.6. Figure 3.7 outlines the methodological tools used to explore each of

these hypotheses. These tools are described in more detail in the relevant chapters

below.

FIGURE 3.6: THEORETICAL BASES OF THE FOUR HYPOTHESES

Hypotheses	Basis	
	Voluntary sector literature	Organizational studies literature
Organizational	Mellor 1985	Thompson 1965
Cultural	Johnson 1987	Hage 1980
Environmental	Poulton 1988	Rickards 1985
Institutional	Singh et al 1991	Not explored in detail

FIGURE 3.7: METHODOLOGICAL TASKS AND DATA SOURCES EMPLOYED IN THE CROSS-SECTIONAL CASE STUDIES

Methodological Tools	Data Sources
Organizational hypothesis Aston measures (Discriminant analysis and analysis of variance) Semi-structured interviews Documentary analysis	Organizational leaders Organizational leaders and other staff Documents (where available) [plus evidence from the survey]
Cultural hypothesis Kirton Adaptation-Innovation inventory Aston measures Structured interviews Semi-structured interviews	Organizational leaders Organizational leaders Organizational leaders Organizational leaders and other staff/trustees/service users, where available [plus evidence from the survey]
Environmental hypothesis Semi-structured interviews Network analysis	Organizational leades/staff/trustees/service users/other key informants Direct observation/information from other semi-structured interviews
Institutional hypothesis Semi-structured interviews Documentary analysis	Organizational leaders/staff/trustees/service users/other key informants Service contracts/organizational documents, where available

THREE: RELIABILITY AND VALIDITY IN THIS STUDY

Reliability.

In the survey component of this study this has been approached in two ways. The first was to assess the reliability of the operationalisation of the key concepts to the study and the use of them made by the author. The issue here was the extent to which repeated classifications of responses to the survey would yield consistent findings.

A version of the test-retest procedure was used to do this. A random sample of twenty seven returned questionnaires (15% of the total returns) was reclassified by the author, three months after the original classification. This was undertaken both for the classification of the organizations (in terms of their orientations and their client group) and for the classification of the innovation described (in terms of the classification on the innovation described in chapter one above).

With regard to the classification of organizations by their client group, the re-classification was entirely consistent with the original one (ie a reliability of 1.00). With regard to the classification of the organizations by orientation, the reclassification agreed with the original one in 88.9% of the sample (a reliability of 0.89). Finally with regard to the presence of innovation, the re-classification again agreed with the original one in 88.9% of the sample (a reliability of 0.89). This gives an overall index of the reliability of the classification of the author of 92.6% (0.93).

The second method used to test the reliability of the survey related to the reliability of the statistical tests performed upon it. This was undertaken using the *power analysis* tests developed by Cohen (1977). The basis of this work is the relationship

between the significance of a test, the size of the sample, and its relationship to the total population:

> 'the reliability (or precision) of a sample value is the closeness with which it can be expected to approximate to relevant population value. It is necessarily an estimated value in practice, since the population value is generally unknown... (Reliability may or may not be directly dependent upon the unit of measurement, the population values and the shape of the population distribution. However, it is *always* dependent upon the size of the sample.' (p 6)

From this basis, Cohen develops a series of tests to establish the reliability of different statistical procedures carried out upon a population. In particular he specifies the minimum sample sizes required for these procedures to be reliable. Using these tests require making a number of statistical assumptions and their validity is limited by these. Nonetheless they were a useful adjunct to analysis. The detailed statistical rationale for identifying power analysis is found in Cohen (1977). On the basis of this rationale, and with the assumption that one is seeking a 'medium' sized effect in the statistical tests (from the fact that this is only one part of the overall study) and at a level of statistical significance of 0.05 (the usual statistical convention), then the minimum sample size is required to be at least 87. In fact in this study it is 195, which would suggest that the statistical analyses are reliable, within reasonable parameters.

Moving onto the case study elements of the research design, a case study protocol was utilised to enhance reliability. This included:

*   an overview summary of the project which was distributed to all

    respondants, together with an introductory letter, to ensure a basic

    level of understanding; and

*   the use of pro-formas for the semi-structured interviews and full

    interview schedules for the structured interviews, to ensure

    consistency in the structuring of interviews and data collection.

This format was felt to offer sufficient consistency between interviews and over the

case studies as a whole whilst not providing a strait jacket to them.

Validity.

As noted above, the search for validity is the most testing of all research goals.

Because of the difficulties outlined in the previous discussions five procedures were

included to this end. First, the classifications used in the survey stage of this

research were themselves operationalised versions of theoretically validated

concepts, which offers a level of construct validity to them.

Secondly, in order to test the validity of this researcher in making classificatory

judgements in the survey, these judgements were tested against those of another

academic researcher. This was done by providing a random sample of twenty

questionnaires for re-classification by this other researcher. This procedure is

recommended by, amongst others, de Vaus (1986). The findings of the validation

procedure were as follows.

With regard to the classification of organizations by their client group, the

re-classification agreed with my own in 85% of the cases (an index of .85). With

regard to the classification of organizations by their orientation, the re-classification

agreed with my own in 95% of the cases (an index of .95). Finally, with regard to the

FIGURE 3.8 TRIANGULATION OF THEORY, METHODS AND DATA

**Organization Studies/
Voluntary Sector Literature**

↑↓

Theory

**Inductive
methods**
Postal
survey

**Deductive
methods**
Cross-sectional
case studies

Evidence

↑

(Including:
archival and documentary
data, questionnaires,
direct observation,
semi-structured interviews,
quantitative data,
key informants).
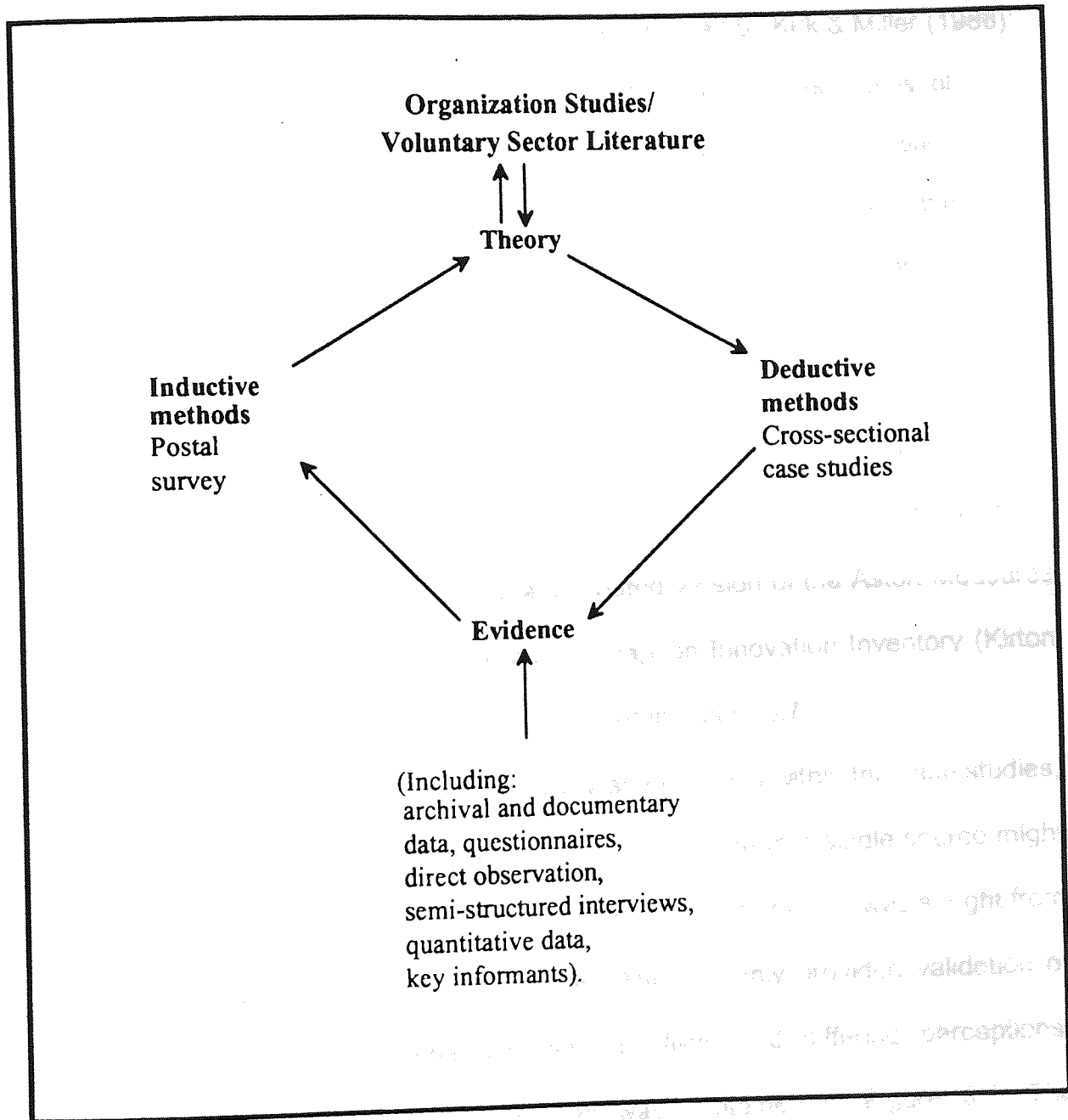
presence of innovation, the re-classification agreed with my own in 80% of the cases (an index of .85).

Thirdly, with regard to the case studies, *methodological* triangulation (Denzin 1970) was employed. This approach is particularly recommended by Kirk & Miller (1986):

> '...the most fertile search for validity comes from a combined series of difference (sic) measures each with its idiosyncratic weaknesses, each pointed to a single hypothesis. When a hypothesis can survive the confrontation of a series of complementary methods of testing, it contains a degree of validity unobtainable by one tested within the more constricted framework of a single method.' (p30)

Wherever possible, further validation of specific instruments was sought by using ones which had been validated elsewhere previously, rather than developing wholly new ones. Examples of these were the abbreviated version of the Aston Measures employed (Inkson et al 1970) and the Kirton Adaption Innovation Inventory (Kirton 1976). The range of instruments was summarised in Figure 3.7.

It should be noted that *data* triangulation was also employed within the case studies, to improve validation. It was recognised that information from a single source might well be biased. As a consequence, in each case study, information was sought from a minimum of two sources, and often more. This not only provided validation of perceptions, but also highlighted important conflicts and differing perceptions. Again, a summary of these data sources was contained in Figure 3.7. The relationship between these evidence sources, research methods and triangulation is illustrated in Figure 3.8.

Fourthly, feed-back on the findings of the study and their interpretation was also sought, in order to ensure the validity of the views of the researcher in relation to those in the field. This feed-back took two forms:

* in the case of individual organizations, summaries of the findings of the researcher were circulated to respondents, to check both their accuracy and interpretation; amendments were made if necessary; and

* in the case of the overall interpretation of the case studies and the developing model, both papers summarising these were circulated to key respondents and (in the case of the cross sectional case studies) feed-back meetings were held in each locality to discuss the findings of the study and their import (again, on the basis of this feed-back, amendments were made as appropriate).

This approach to validity is an important one, though Abrams (1984) has warned against taking it to extremes, when it may turn into

'...a series of furious arguments, wrangles, and recriminations. The lesson seems to be that overt respondent validation is only possible if the results of the analysis are compatible with the self image of the respondents.' (p. 8)

Finally in the search for validity, different theoretical perspectives were tested out to help make sense of the findings of the study. These were in part operationalised in the four causal hypotheses, but were also considered at the model building stage of the study. These included the institutional analysis. (Powell and Di Maggio, 1991) and systems theory (Scott 1992).

Conclusions

This section has addressed the two issues of reliability and validity in this research study. In conclusion, the position of Kirk & Miller (1986) bears reiteration. They emphasise how the search for reliability and validity is not so much a precise science, as a judgemental art:

> 'The assumptions underlying the search for objectivity are simple. There is a world of empirical reality out there. The way we perceive and understand that world is largely up to us, but the world does not tolerate all understandings of it equally... (Therefore) if it seems worthwhile to try to figure out collectively how best to talk about the empirical world, by means of incremental, partial improvements in understanding. Often these improvements come about by identifying ambiguity in prior, apparently clear views, or by showing that these are cases in which some alternative view works better.' (pp11-12)

FOUR: INITIATING THE RESEARCH PROCESS

Summary of the research study

As described previously, the study comprised of three parts. The first was an exploratory stage, essentially concerned with describing and mapping the extent of the innovative activity of voluntary organizations. The key instrument here was a postal questionnaire of voluntary organizations, based upon a census of all such organizations identified through the local umbrella bodies. This data was interpreted using a range of quantitative and statistical approaches, in order to structure the field of innovative activity by voluntary organizations. This was an essential descriptive stage in developing our understanding, but not sufficient in itself to develop explanatory or causal models which might take our understanding to a deeper level.

This task was approached in the second stage of the study. Here, four specific hypotheses which might offer causal explanations of the innovative potential of voluntary organizations were explored. These were derived from the theoretical literature, as described above.

The final stage of the study was the bringing together of the above evidence within key conceptual frameworks, and the development of an integrated model by which to understand the innovative capacity of voluntary organzations. This stage included both the integration of the empirical evidence with key theoretical perspectives, and further fieldwork (such as specific case studies to test out the bounds of the developing model), a series of feedback sessions to the practitioner community, and publications to and discussions within the research community.

As noted above, a free standing longitudinal case study of the role of individual agency in innovation was also undertaken contemporaneously with this study. Although not strictly part of it, its findings have import for this study and are discussed in this context. The case study itself is detailed in Appendix A.

The loci of the study.

As has been noted previously, a central problem in research about voluntary organizations is the construction of an appropriate sampling or analytic frame. The sector is highly diverse and fragmented. Moreover, there is no one central data base of voluntary organizations to which researchers can go in order to construct their sampling or analytic frames. A number of databases do exist (such as those of the Charity Commissioners, the Inland Revenue, the Charities Aid Foundation (CAF) and the National Council for Voluntary Organisations (NCVO) to name but a few). However each is highly partial; the register of the Charity Commission for example, contains only registered charities whilst that of the CAF covers only those organisation to which it routes payments (Osborne & Hems 1995).

Indeed the state of the existing databases is so problematic that, for a recent major study of the income and expenditure of charitable organizations upon behalf of the Central Statistical Office, a key task for the research team was the construction of a unified database from which to construct their sampling frame (Osborne & Hems 1996). Yet even this database was partial in relation to the large number of small charitable organizations in existence. Whilst such an approach was legitimate in examining the economic structure of the sector, where the bulk of income and expenditure is weighted toward the largest 5% of such organizations (Clare & Scott

1994), it would distort in the the extreme any approach which examined service provision at the local level. Here the full spectrum of organizations need to be considered.

Because of this, the approach taken was one based upon obtaining in-depth data on three locality, or cluster, samples. Again, as noted above, this approach has been used before to good effect in studies of the voluntary sector, and notably in the research which formed the basis of the Wolfenden Report (Wolfenden Committee 1978; Hatch 1980). It allows the research to capture the richness and diversity of the sector at the local level, and also to explore the impact of important local factors, such as the role of the statutory bodies in relation to voluntary organizations and the local political economy.

In this study, three localities were explored, representing a rural, a suburban, and an urban social environment. A pre-condition of contact with the voluntary and statutory organizations concerned was their anonymity. The three areas will therefore be given pseudonyms, though their genuine social characteristics are discussed below.

The three areas were respectively, *Southshire* (the rural area), *Bellebury* (the suburban area), and *Midwell* (the urban area). The characteristics of their organizational environments are summarised in Table 3.9, and the key social indicators for each locality are displayed in Table 3.10.

Southshire is a large rural county in the south of the country recognised as suffering high levels of rural deprivation and isolation, and a large part of it is classified as a priority area (a *Rural Development Area*) for action by the Rural Development Commission (PSMRC 1992). Traditionally, Southshire had been a Liberal

stronghold. In 1993 the County Council was made up of 41 Liberal-Democrat members, 21 Labour, 18 Conservatives and 5 others. The County Council members were circumspect about the development of the *contract culture* for the PSS, but certainly were not opposed to it.

The organizational environment in Southshire is diverse. The County Council itself is a large one. There are three Divisions, with each Division having a high degree of autonomy. The Department is coordinated by an hierarchical series of planning committees, which link localities into the Council. Depending upon the view one took, this could be seen as either ensuring the accountability of the Council as a whole to its local areas and responsiveness to their needs; or as a means for senior managers to maintain their ultimate power within the agency, through the hierarchical chain of command. The third alternative is that it could combine both functions.

The field of voluntary organizations active in social services is also diverse. It is probably best characterised as a series of inter-locking networks, based on different geographic loci, rather than one field. Certain key agencies, and individuals, operate on a County basis and provided links between these networks. These are either umbrella bodies such as the Rural Community Council (RCC), the Councils for Voluntary Service (CVSs), or Volunteer Bureaux (VBx); or else the larger voluntary organizations which operate at a County level (such as RELATE and the Childrens Society). Around these individuals and agencies the organizational environment has a number of separate loci, which operate with their own organizational networks, and to an extent independently of the other localities.

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Six such localities can be identified in Southshire: North Coast, focussed on two small towns; Moors, an isolated and sparsely populated area in the north of the County; Central County, comprising a swathe of small market towns across the centre of Southshire; County Town, a far more populated and urban area, centred around the administrative centre of the county; Holiday Bay, a region centred around a fading holiday town, but with a number of isolated villages bordering upon it; and Southwest, an area which in many respects felt itself separate from the rest of the County and which comprised several significant market towns and another isolated moorland area.

The issue of the coordination of the local voluntary sector is such an important issue for the local umbrella bodies that they had formed their own 'umbrella body of umbrella bodies'. The purpose of this is both to try to unify and coordinate voluntary action across the County, and also to offer a unified voice to the County Council which is perceived as using the diversity of Southshire as an excuse for not liaising with local voluntary organizations. The status of this body is contested however by some of the lager voluntary agencies. These have their own routes into the Council and object that this coordinating body does not have either their resources or significance. This debate iss on-going.

Bellebury, also in the South of England, is an affluent suburban area though with a high elderly population. It had been a traditional Conservative authority for many years, though recently it had become an *hung* District Council, as was the County Council of which it was a region. In 1993, the District Council comprised 22 Liberal-Democrat members, 19 Conservatives, 7 Labour and 1 other; the County Council comprised 41 Conservative members, 30 Labour and 28 Liberal-Democrats.

The local authority had pioneered the *purchaser-provider split* in the PSS and continued to be highly committed to this approach.

Bellebury district comprises three main areas: Bellebury town itself, the largest urban area and comparatively affluent; Dog Bay, a faded seaside town which is economically run-down; and Mayshed, another fading coastal town but with a more affluent middle class bedrock to it. Despite their proximity, each of these towns operatescomparatively independently. Age Concern, for example has independent branches in each town and each addresses their local area.

The district is densely populated with local voluntary organizations, the local CVS producing a ninety-four page directory of such organizations. They tend to operate around one of the suburban towns, and few attempt to be district wide. One CVS covers the entire district, but each town has its own Volunteer Bureaux, which acts as a mini-umbrella body for that part of the District. Despite its relative smallness, compared to Southshire, the voluntary sector in Bellebury also has difficulty in speaking with one voice, though the three networks are rather more closely drawn around the CVS than is possible in Southshire.

Bellebury district is covered by one area office of the Social Service Department, split into *purchaser* and *provider* units. A Regional Planning and Commissioning Team is also based in a nearby large town, which covers three District councils in the County. The Regional Planning Officer describes services as being developed by a process of contractual tenders which the Department offers out. Many of these are on a negotiated basis, that is the Department decides which agencies to invite to tender and upon what basis their bids will be evaluated. Some, however, are also

offered on an open and competitive basis, with price competition being the key (the developing framework around such a contract culture is explored in more detail in Wistow et al 1994).

Midwell is an inner-city locality in the West Midlands. It scores highly on a range of indicators of social deprivation and is the subject of a number of government interventions aimed at the inner cities.

Politically, the local authority is a long-standing example of British *municipal socialism* with a ruling Labour group under no threat from the other opposition parties. In 1993 the District Council was made up of 42 Labour members, 24 Conservative and 6 Liberal ones. This ruling group was, and continues to be, deeply opposed to the contract culture and the idea of the *purchaser-provider split*. However it is also an highly pragmatic group, and works invariably through compromise and tactical manoeuvring rather than political confrontation.

As would befit such a densely populated area, Midwell has a similarly dense voluntary sector. Organizations can be both Borough-wide and based upon one or two wards in Midwell. The Social Services Department is a major funder of much activity and for this reason, the voluntary sector in Midwell tends to define itself in relation to this body. To an extent, two different voluntary sectors exist - that which has links to and support funding from the SSD and that which operates independently from it. The local CVS had attempted previously to bridge the two communities but with limited success. Indeed, its own relationship with the SSD was problematic. This had led to the withdrawal of funding by the local authority, partway through this study, and the collapse of the CVS. The SSD funded another

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voluntary body to take on the umbrella role. However, it is very much part of the voluntary sector linked to the SSD and consequently has difficulty in pulling together the local voluntary sector as a whole.

Establishing research contacts

In each of the chosen localities, the first step was to contact the major local umbrella body, in order to discuss the proposed study. The utility of it to them was emphasised, in terms of developing their information and knowledge about the local voluntary sector. In each area, enthusiastic support was forthcoming from this body, and this support was vital to the success of the study. They saw some benefit to themselves from the study and so were more likely to participate. Similar contact was also made with senior officers of the SSD in each area.

The local umbrella groups were used in four ways. First, their knowledge of the extent of the local voluntary sector (usually formalised in local directories) was utilised in order to create the initial sampling frames for each locality. Secondly, their understanding of the dynamics of this sector, and its interaction with the statutory agencies, was used as a starting point for building up an environmental profile of the locality. Thirdly, they were invaluable in encouraging local voluntary groups to participate in the study, both through articles in their local newsletter and by discussing it at meetings. Finally, they were an invaluable first *sounding board* for the emergent findings of the study.

Table 3.9 The Organizational Environments of Each Locality

Environmental Feature	Southshire	Bellebury	Midwell
locality type	rural	suburban	urban
political make-up	*hung* (Liberal Democrats as largest party)	*hung* (Conservatives as largest party)	Labour
orientation to the *contract culture*	willing agnostic	early proponent	pragmatic opponent
nature of the local voluntary sector	very diverse, with sub-networks within the overall locality	diverse, structured around three urban areas, but within one network	concentrated, and defined in relation to the local authority
orientation of the local authority to the voluntary sector	corporatist, within an hierarchical framework	keen to develop a *mixed economy of care*, with this sector as a core component	strong view of which voluntary bodies were *in* and which were *out*

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Table 3.10

Social Characteristics of the Three Localities

	England	Area 'A' Midwell	Area 'B' Southshire	Area 'C' Bellebury
Total Population	46,382,050	285,090	550,026	127,701
Population density (person per hectare)	3.6	33.9	1.2	4.0
% population under 16 years old	20.1	20.6	20.9	18.7
% population over pensionable age	18.7	19.5	23.3	24.8
% of population with long term illness	12.8	15.1	13.9	14.1
% of males unemployed	9.7	14.0	8.7	8.5
% of females unemployed	4.7	6.5	4.2	4.1
% with over 1 person per room	2.1	3.2	1.5	1.8
% single parent households	3.7	3.9	3.2	2.9
% of household with children under 5 years old	12.8	13.8	11.2	10.9
% of households with 3 or more children under 16 years old	4.7	7.0	4.0	4.5
% of population identifying themselves as black	6.2	14.7	0.7	2.3

Source: adapted from OPCS, 1992

Conclusions.

This chapter has developed and justified the methodological approach of the research study upon which this thesis is based, outlined its reliability and validity, and detailed the loci in which the research took place. To conclude, three points should be emphasized. First, because of the lack of both theoretical and empirical studies of the innovative capacity of voluntary organizations it has been necessary to draw upon the quantitative and qualitative traditions in designing this research - the former to structure the field of study and the latter to explore causal and processual issues.

Secondly, this thesis proceeds upon both an inductive and deductive basis. It works inductively in structuring the field, because of the lack of data about it; and it works deductively in exploring causality, by evaluating four hypotheses about the innovative capacity of voluntary organizations, derived from the organizations studies literature.

Finally, it it is important to emphasize the need to use both methodological and data triangulation, wherever possible, in this study. The phenomenon under investigation is a diffuse and complex one, involving interaction between innovations and innovators, both within their social environment. This calls for multiple sources of evidence to test and prove the emergent findings of this study.

CHAPTER FOUR. MAPPING AND

DEFINING THE INNOVATIVE ACTIVITY OF

VOLUNTARY ORGANIZATIONS

The purpose of this chapter is to answer two sets of questions. The first set examines the nature and extent of innovative activity carried out by voluntary organizations. At issue here is first the sort of activity the voluntary organizations *themselves* define as being innovative, and then how this range of activity relates to a more theoretically derived definition of innovation. The second set of questions concerns the basic characteristics of those organizations responsible for producing the above innovations. At issue here are the characteristics of those organizations which are active as innovators, as well as those engaged in non-innovative activity.

As discussed in the previous chapters on methodology, this stage of the study is an exploratory one of a field where there is previously little empirical evidence. It is intended to structure the field of innovative behaviour by voluntary organizations and the characteristics of the innovators. This is an essential first step to a deeper understanding of the innovative role of voluntary organizations, but not sufficient for its full understanding. It does not have explanatory or predictive power. For this, more complex and detailed analysis

of the process of innovation is required. This is pursued in subsequent chapters.

Detailed methodology of the mapping exercise.

As outlined briefly in the earlier overall discussion of research methodology the chosen approach here was through a postal census of all voluntary organizations in each locality engaged in the field of the PSS. A key problem here was to establish a database of such organizations. This was approached by using the main local umbrella agency in each area (the RCC in Southshire, and the CVS in the other localities) which kept a directory of voluntary organizations active in their locality.

Such an approach was not without drawbacks. Inevitably, these directories were incomplete for a range of reasons (such as their not keeping abrest of organizational birth and morbity). Wherever possible, they were supplemented therefore by checks against other available sources of information, such as from other smaller umbrella groups, libraries, or even word of mouth. Whilst not exhaustive, this database was as extensive as possible.

The postal survey was then carried out in three tranches, one for each locality. In each area, pre-publicity was carried out, through the available newsletters of the local umbrella groups. This provided fore-warning of the arrival of the questionnaire and added the support of the umbrella body to it, emphasising its importance to the locality. Each questionnaire was accompanied by a supporting letter, which again explained the purpose of the survey, emphasised

the support of the local umbrella body, and gave names and telephone numbers for any queries. (examples of these letters are found in Appendix B).

Reminder letters were sent out to all non-respondents after three weeks. A second follow-up exercise to non-respondents was carried out after a further two weeks, comprising letters and/or telephone calls. This second follow-up exercise was targeted upon those organizations which were under-represented in the response group, compared to overall sample population in each area. This representativeness was on the basis of the organizational classification of voluntary organizations detailed above.

Based upon this classification, the characteristics of the total sample, and of the response group are displayed in Tables 4.1 and 4.2. This shows the response group as broadly representative of the total sample population, though with an over-representation of *other regarding* organizations, compared to *self regarding* ones. This probably reflects the more likely presence of paid staff in the former group, with more time in which to complete a questionnaire.

In total, 376 organizations were surveyed across the three localities, and 196 replied. This gives a basic response rate of 52.1%. However the true response rate is probably higher than this, for a number of reasons. These include the level of organizational morbity amongst registered voluntary organizations (that is, some will have ceased to exist, although still continuing to be listed). Other work (Osborne & Hems 1996) has estimated the moribundity level of charities registered with the Charity Commission to be 23.0%. If this were the

case in this study, this would reduce the total sample size by 86 to 290, and increase the response rate to 67.6%. In fact the morbity factor at these local levels may be less significant than for the register of the Charity Commissioners, because the local umbrella groups (one hopes) will be more abrest of developments in their sector. The true response rate therefore probably lies somewhere in the range of 52.1% to 67.6%.

This rate could undoubtedly have been increased by further chasing. However, given the exploratory nature of this stage of the work and the efforts made to ensure that the response group was representative of the overall sample, this was held to be sufficient.

Each questionnaire was numbered upon receipt, and classified according to its target client group and orientation. These classifications were tested for reliability and validity as outlined above. The postal survey was then ready for analysis.

Table 4.1: Characteristics of total sample

Client group	%	Orientation	%
Adult	63.3	Self Regarding	42.3
Children/family	17.8	Other Regarding	50.5
General	18.9	Intermediary	7.2
TOTAL	100.0	TOTAL	100.0

(n=376)

Table 4.2: Characteristics of respondents

Client group	%	Orientation	%
Adult	66.1	Self Regarding	36.5
Children/family	14.3	Other Regarding	56.7
General	19.6	Intermediary	6.8
TOTAL	100.0	TOTAL	100.0

(n=196)

Table 4.3: Reported levels of innovative activity (by percentage)

Type of activity	Bellebury	Southshire	Midwell	TOTAL
Innovative	56.9	46	54	51.8
Traditional	43.1	54	46	48.2
TOTAL	100	100	100	100

ONE: MAPPING THE INNOVATIVE

ACTIVITY OF VOLUNTARY ORGANIZATIONS

Organizational perceptions of innovation.

As will be seen from the questionnaire in Appendix B, each organization was asked whether they had developed an innovation over the last three years, and were asked to describe it briefly. The refusal in this questionnaire to define *innovation* at this stage was deliberate. It was important to gauge how voluntary organizations themselves perceived innovation, rather than to impose theoretical constraints at the outset. It was also felt to be far more useful to ask these organizations to offer an example of innovation rather than a definition. The latter approach might test their command of the English language, but would not necessarily give any picture of the type of activity involved.

As with any such survey, there will be an inevitable tendency for respondents to want to over-report the phenomenon being examined. As will be seen, this was acknowledged in the explanatory notes to the questionnaire and it was emphasised that the research was as interested in knowing when organizations had not been innovative as when they had been. However it has to be recognised that over-reporting may still be an element of the responses.

Of the respondents, 518% reported that they had been involved in developing innovative services, compared with 48.7 who reported that they had not been

so involved (see Table 4.3; Bellebury and Midwell reported the highest levels of innovation, 56.9% and 54.0% respectively, whilst organisations in Southshire reported a lower level of 46%).

The innovations reported varied tremendously. They included

- support groups for the carers of adults with special needs;

- a volunteer scheme which combined adults with special needs with traditional volunteers, in order to meet the practical help needs of dependent elderly people;

- a small residential care scheme for adults with learning disabilities, based upon principles of normalization;

- a marriage guidance council developing a sex-therapy service;

- setting up a *buddy* support scheme for people with AIDS;

- a support group for deaf people starting to teach sign language to hearing people, as well as those who were deaf;

- an emergency accommodation facility for adolescents, as part of a community project for young people;

- a new branch of an existing organization;

- a new local lunch club for elderly people;

- a holiday play scheme for children with cerebral palsy;

- a social club for elderly people opening an extra day a week;

- an existing lunch club for elderly people offering a free Christmas dinner to its members;

- and

- an existing day care facility which sought to encourage Black adults with special needs to attend.

In terms of the previous discussion of innovation, all the developments certainly involved *newness* of a greater or lesser degree. However only a portion involved the *discontinuity* element of innovation, and some were clearly simple changes to, or developments of, an existing service. As such, this initial information told little about the legitimate innovative activity of voluntary organizations. It did though speak volumes for the loose way in which the phenomenom was defined by practitioners - which itself raised research issues as to why this should be, for exploration in the later stages of the study.

One finding of import derives from this initial analysis however. It clearly negated the description of innovation as a key characteristic of voluntary organizations *as a whole*. Even when invited to describe their role in developing an innovation, and with the aforementioned tendency toward over-reporting, still only just over half of the organizations surveyed reported innovative activity. The reality is therefore far more complex than the more routine and/or normative statements about the innovative capacity of voluntary organizations would have us believe. The complexity of this reality is unravelled in the subsequent stages of this mapping exercise.

The innovative activity of voluntary organizations

In order to make sense out of the raw data of this survey, it was necessary to impose some structure into it, derived from theory. That is, it was necessary to classify it against more objective and conceptually derived criteria, rather than the assertions of managers within the sector.

This task was approached by using the typology of innovation derived previously. In order to do this, the information from each respondent who had identified his/her organization as having developed an innovation was classified along two dimensions: did the innovation serve the existing client group of that organization, or a new one (its *market*); and did the innovation involve the modification of the existing services of an organization, or the development of a new service (its *mode of production*). The key in this approach was therefore the issue of discontinuity for the organization identified earlier, either in terms of the clientele that it was serving, or of the services that it was offering.

Intrinsic to any such classificatory activity is the issue of the validity of the approach used and its reliability in application. The reliability and validity of the information gathered through the questionnaire was verified for a sub-set of organizations at the later, case study stage, when this information was double checked with respondents during interviews. No problems were encountered in respect of these responses.

As argued earlier, the classification itself was derived from a theoretical framework which offered construct validity to it. In terms of its application,

though, there is clearly an issue of the validity and reliability of the judgements of the researcher. These were tested as outlined previously in Chapter Three.

The results of this mapping exercise are presented in Tables 4.4 and 4.5. Table 4.4 focuses solely on that activity reported as being innovative by the respondents. The most significant figure here is probably the level of *developmental* innovation reported (Type C). This is significant because, against the theoretical concept of innovation, this activity really is not innovative at all. It involves discontinuity neither in terms of the client group of the organization concerned nor in terms of the service that it is providing. This provides an essential first distinction in looking at the innovative capacity of voluntary organizations, between their legitimate innovative activity and that which might more accurately be described as developmental activity. The former does involve real discontinuous change for the organizations concerned, whilst the latter is a development of the existing work of the organization.

It must be emphasised that no normative distinction is being made here, of one of these being in some way better than the other. Rather it is a question of giving greater texture to our understanding of the work of voluntary organizations. However it should be noted that the use of the classification of innovation in the PSS derived for this study has allowed this greater texture to be uncovered.

The second point to be derived from Table 4.4 regards the focus of the legitimate innovative activity. The majority of this activity is concerned with

developing new services (types A & D), as opposed to working with a new client group (types A & B). To an extent, this undoubtedly reflects the fact that wholly new client groups rarely come into existence - the example of people with AIDS is one of the few concrete examples of recent times. It is probably also a product, though, of the particularism of voluntary organizations - that is, that they are invariably set up to meet the needs of a specific client group and are likely to remain loyal to that group, rather than moving into working with other existing client groups. Indeed, for the groups registered as charities, the vagaries of British charity law have actually made it quite hard for them to change the focus of their organization (Chesterman 1979).

The final general point to arise from this first analysis of the survey concerns the geographic pattern of innovation. Voluntary bodies in Midwell were more concerned with service development, and less with total innovation, than their peers elsewhere, whilst those in Southshire had a higher rate of total innovation. Far from being the constant in the activity of voluntary organizations which the more normative accounts would suggest, therefore, service innovation was a variable.

Moving on to Table 4.5, this brings innovative and developmental activity, as defined within the theoretical construct rather than upon self definition, together with the *traditional*, or non-innovative activity of the survey respondents. Overall, this shows innovative activity being reported by about a third of the respondents (37.9%), and with almost half of them (48.2%)

reporting traditional activity alone. Once again, far from being the constant of voluntary activity that the more normative statements would assert, innovative activity is more of a variable. On the basis of this initial evidence, it is therefore no longer possible to assert that 'voluntary organizations are innovative'. As a whole, they are not. However a significant minority of them are engaged in innovative activity. This therefore raises the next question to be addressed - that is, which sorts of voluntary organizations are innovators?

Table 4.4   Classification of innovative activity (by percentage)

Type of Activity	Bellebury	Southshire	Midwell	Total
'A' (total)	18.2	20.6	5.9	14.8
'B' (expansionary)	18.2	5.9	8.8	10.9
'C' (developmental)	24.2	20.6	35.3	26.7
'D' (evolutionary)	39.4	52.9	50.0	47.6
Service innovation (A+B+D)	75.8	79.4	64.7	73.3
Service development (C)	24.2	20.6	35.3	26.7
Innovations involving the development of new services (A+B)	57.6	73.5	55.9	62.4
Innovations involving a new client group (A+D)	36.4	26.5	14.7	25.7
Total	100.0	100.0	100.0	100.0

Table 4.5 Classification of overall organization activity (by percentage)

Type of Activity	Bellebury	Southshire	Midwell	Total
Service Innovation	43.1	36.5	35.0	37.9
Service development	13.8	9.5	19.0	13.9
Traditional activity	43.1	54.0	46.0	48.2
Total	100.0	100.0	100.0	100.0

TWO: THE ATTRIBUTES OF

INNOVATIVE VOLUNTARY ORGANIZATIONS

Having clarified that not all voluntary organizations are innovative, this mapping exercise must now explore the attributes of the innovators, and of their developmental and traditional peers. A number of basic questions were asked in the questionnaire, about the age, staff group, locus of the innovation, orientation of the organization, and prime funders of the organization. Again the validity of these responses was verified as part of the case study procedures and found to be satisfactory.

Of interest here was whether there were attributes which were specific to innovative voluntary organizations, and which differentiated them from either the development or the traditional ones. This analysis was approached in two stages. At the first stage the distributional statistics were tested for key differences using the Chi-2 test of difference. In these, the usual statistical convention was followed, and statistical significance was imputed to those findings with a value for 'p' of 0.5 or less (that is, that this finding was likely to occur by chance in less than 5% of occurrences). The use of this test in social research is usefully discussed in more detail in Phillip et al (1975).

In the second stage, these simple relationships were then tested further using the more sophisticated statistical approach of Discriminant Analysis. This is discussed in more detail below.

A basic question often asked about the work of voluntary organizations is the extent to which it represents either the actual first use of an approach to social care, or the first application in their community of an approach developed elsewhere. A more useful way to talk of this is probably in terms of the distinction between objective and subjective innovation (Kimberley 1981), as this avoids any possible confusion between invention and innovation. Table 4.6 shows that the over-whelming bulk of both innovative and developmental activity was within the subjective domain. In fact the figures for objective innovation (and development) are probably over-estimates, due partly to their proponents keenness to emphasise their uniqueness and partly to the incomplete knowledge of this researcher in weeding-out these claims.

Differentiating inovative and developmental organizations. Tables 4.7 to 4.11 examine the key characteristics of innovative and developmental voluntary organizations. These are respectively, their age, the balance between volunteer and paid staff, the size of the paid-staff group, the orientation of the organization, and the major source of their funding. Each table contains two distributions, one displays the percentage differences in relation to the two types of organization and one displaying the percentages in relation to the variable concerned.

Little was found to be of significance in differentiating these two groups. Developmental organizations did tend to be older than their innovative counterparts, but not at a significant level. There were only minor differences

apparent in relation either to the orientation or major funder of these organizations.

The key significant variable appeared to be in the nature of the staff group of these organizations. Innovative voluntary organizations were significantly more likely to have at least one member of paid staff, whilst developmental organizations displayed no distinctive staff bias. Interestingly though, in that sub-set of innovative and developmental organizations which all had paid staff groups, the innovative organizations were significantly likely to have smaller staff groups than the developmental ones.

The question that has to be asked at this stage is whether this staffing difference is a sufficiently significant factor, by itself, by which to differentiate innovative from developmental organizations. Although this is theoretically possible, it seems more likely that one of two other explanations (or a combination of them) is a more robust one. The first is that the presence of a (usually small) staff group in innovative organizations is actually a proxy for the presence of the level of resources required to fund innovative activity, combined with the level of informality that a small staff group usually offers. The second is that the significant factor may not be the overt staffing patterns of these two groups, but rather the organizational decision to describe itself as innovative in the original questionnaire. This may well have more to do with institutional or environmental factors encouraging this construction, rather than

the nature of the organizational labour force. This point will be explored further in the case studies below.

*Differentiating innovative and traditional organizations.*Tables 4.12 to 4.16 display the key characteristics of the innovative and traditional organizations, along the same variables as in the previous sector. Greater differentiation and a stronger boundary is apparent between these organizations.

Young organizations, defined as under six years old, were significantly more likely to be innovators than their elder counterparts. Moreover the innovators were significantly more likely to employ at least one member of paid staff, whilst the traditional organizations were more likely to be volunteer based. Other-regarding organizations were significantly more likely to be innovative, whilst self-regarding ones were more likely to be traditional organizations. Finally, there was a substantial difference in the funding patterns of these organizations. Where government was the major funder, a significant majority of voluntary organizations were innovators, whilst traditional organizations tended to be more reliant on voluntary income or fees.

This latter point is particularly interesting. Much of the hearsay about voluntary organizations would suggest that those funded by the state would tend to be the more traditional ones, with the innovators having voluntary or commercial income as their major source of funds. This could either be because the expectations of the governmental funders, and/or conditions attached to this funding, tended toward traditional, mainstream activity, rather than innovation

(Smith & Lipsky 1993), or because the isomorphic pressures within the field both encouraged governmental agencies to support traditional agencies which were similar to themselves, and encouraged voluntary organizations to mimic the mainstream activities of governmental agencies (Di Maggio & Powell, 1988). Contrari-wise, the traditiional market-based model of innovation would assert that voluntary income would encourage innovation, because of the independence that it would offer to voluntary organizations, and in particular that fee income would stimulate innovation, because of the market pressures and competitive environment that it implied (Porter 1985). The findings here do not support these assertions. On the basis of these findings, it is possible to hypothesise some different relationships, though without being able to 'prove' them on the basis of this evidence alone. First, that governmental income encouraged voluntary organizations to be innovators, either because of the comparative security that it offered them, compared to the precariousness of voluntary income (ie it encouraged *slack* innovation, in the Cyert & March (1963) formulation); or because governmental funders were expecting innovation from their fundees (who obligingly reported their activity as such, to ensure their continued funding) and/or were seeking out innovators in their funding procedures. Secondly, and conversely, it may be that voluntary income encouraged traditional activity because its precariousness required such organizations to stay close to their existing activities rather than to innovation. Similarly, because of the relatively small and (as yet) under-developed market

for social services, the precarious nature of fee income for voluntary organizations may similarly lead them to be cautious, rather than to be innovators.

The statistically significant findings of these analyses are summarised in Table 4.17. It must be emphasised again that such analyses do not predict which voluntary organizations will be innovators; rather they describe the type of organization involved in innovative activity. That is, there are no causal relationships implied here. The appropriate formulation is thus that, for example, 'innovators in the voluntary sector tend to have at least one member of paid staff' rather than that 'because a voluntary organization has at least one member of paid staff it is likely to be an innovator'. These more causal and predictive questions are explored in later chapters.

The potential boundaries of innovative voluntary organizations are illustrated diagramatically in Figure 4.18. Again these are not impermeable boundaries which mean that, for example, volunteer-based voluntary organizations cannot be innovators. This is clearly not the case. However it does illustrate the key, statistically significant, boundaries between these different types of organizations.

Table 4.6: Nature of innovative and developmental activity

Type of development	Genuine innovations	Service developments	Total
Subjective	61 (84.75)	25 (92.6%)	86 (86.9%)
Objective	11 (15.3%)	2 (7.4%)	13 (13.1%)
Total	72 (100%)	27 (100%)	99 (100%)

Table 4.7: The age of innovative and developmental organizations

Age	Innovative organizations	Developmental organizations	Total
Under six years old	23 (31.1%)	3 (12.05)	26 (26.3%)
Six years old or over	51 (68.9%)	22 (88.0%)	73 (73.7%)
Total	74 (100%)	25 (100%)	99 (100%)

Age	Innovative organizations	Developmental organizations	Total
Under six years old	88.5%	11.5%	100%
Six years old or over	69.9%	30.1%	100%
Total	74.7%	25.3%	100%

Chi^2= 2.6660;0.2>p>0.1

Table 4.8: Staff group of innovative and developmental organizations

Staff group	Innovative organizations	Developmental organizations	Total
Volunteers only	17 (23.0%)	14 (55.8%))	31 (31.0%)
Paid staff (and/or some volunteers)	57 (77.0%	12 (46.2%)	69 (69.0%)
Total	74 (100.0%)	26 (100.0%)	100 (100.0%)

Staff group	Innovative organizations	Developmental organizations	Total
Volunteers only	54.8%	45.2%	100%
Paid staff (and/or some volunteers)	82.6%	27.4%	100%
Total	74%	26%	100%

Chi^2=7.1909; 0.1>p>0.05

Table 4.9: Size of paid staff group of innovative and developmental organizations

Size of staff group	Innovative organizations	Developmental organizations	Total
Five paid staff or under	34 (59.6%)	2 (16.7%)	36 (52.2%)
Six paid staff and over	23 (40.4%)	10 (83.3%)	33 (47.8%)
Total	57 (100%)	12 (100%)	69 (100%)

Size of staff group	Innovative organizations	Developmental organizations	Total
Five paid staff or under	94.4%	5.6%	100%
Six paid staff and over	69.7%	30.3%	100%
Total	82.6%	17.4%	100%

$Chi^2 = 5.7181; 0.025 > p > 0.01$

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Table 4.10: Orientation of innovative and developmental organizations

Orientation	Innovative organizations	Developmental organizations	Total
Self-regarding	10 (15.6%)	7 (25.9%)	17 (16.8%)
Other regarding (including intermediary organizations)	64 (86.4%)	20 (74.1%)	84 (83.2%)
Total	74 (100%)	27 (100%)	101 (100%)

Orientation	Innovative organizations	Developmental organizations	Total
Self-regarding	58.8%	41.25	100%
Other regarding (including intermediary organizations)	76.2%	23.8%	100%
Total	73.3%	26.7%	100%

Chi^2= 1.3808; 0.3>p>0.2

Table 4.11: The major funding source of innovative and developmental organizations

Major source of income	Innovative organizations	Developmental organizations	Total
Voluntary income or fees	38 (44.2%)	15 (55.5%)	53 (46.9%)
Governmental funding	48 (55.8%)	12 (44.5%)	60 (53.1%)
Total	86 (100%)	27 (100%)	113 (100%)

Major source of income	Innovative organizations	Developmental organizations	Total
Voluntary income or fees	71.7%	28.3%	100%
Governmental funding	80%	20%	100%
Total	76.1%	23.9%	100%

$Chi^2 = 0.6589$; $0.5>p>0.4$

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Table 4.12: The age of innovative and traditional organizations

Age	Innovative organizations	Traditional organizations	Total
Under six years old	23 (31.1%)	4 (4.8%)	27 (17.2%)
Six years old or over	51 (68.9%)	79 (95.2%)	130 (82.8%)
Total	74 (100%)	83 (100%)	157 (100%)

Age	Innovative organizations	Traditional organizations	Total
Under six years old	85.2%	14.8%	100%
Six years old or over	39.2%	60.8%	100%
Total	47.1%	52.9%	100%

$Chi^2 = 17.1481; 0.0005 > p$

Table 4.13: Staff group of innovative and traditional organizations

Type of staff	Innovative organizations	Traditional organizations	Total
Volunteers only	17 (23.0%)	63 (70.8%)	80 (49.1%)
Paid staff (and/or some volunteers)	57 (77.0%)	26 (29.2%)	83 (50.9%)
Total	74 (100%)	89 (100%)	163 (100%)

Type of staff	Innovative organizations	Traditional organizations	Total
Volunteers only	21.2%	78.8%	100%
Paid staff (and/or some volunteers)	68.7%	31.3%	100%
Total	45.4%	54.6%	100%

$Chi^2=35.0725; 0.0005>p$

Table 4.14: Size of paid staff group of innovative and traditional organizations

Size of staff group	Innovative organizations	Non-innovative organizations	Total
Five paid staff or under	34 (59.6%)	18 (69.2%)	52 (62.6%)
Six paid staff and over	23 (40.4%)	8 (30.8%)	31 (37.4%)
Total	57 (100%)	26 (100%)	83 (100%)

Size of staff group	Innovative organizations	Non-innovative organizations	Total
Five paid staff or under	65.4%	34.6%	100%
Six paid staff and over	74.2%	25.8%	100%
Total	68.7%	31.3%	100%

$Chi^2=0.3509; p>0.5$

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Table 4.15: Orientation of innovative and traditional organizations

Orientation	Innovative organizations	Traditional organizations	Total
Self-regarding	10 (15.6%)	51 (54.2%)	61 (36.3%)
Other regarding (including intermediary organizations)	64 (86.4%)	43 (45.8%)	107 (63.7%)
Total	74 (100%)	94 (100%)	168 (100%)

Orientation	Innovative organizations	Traditional organizations	Total
Self-regarding	16.4%	83.4%	100%
Other regarding (including intermediary organizations)	59.8%	40.2%	100%
Total	44%	56%	100%

Chi^2-27.9835; 0.0005>p

Table 4.16: Major sources of funding of innovative and traditional organizations

Major source of income	Innovative organizations	Traditional organizations	Total
Voluntary income or fees	38 (44.2%)	68 (80%)	106 (62%)
Governmental funding	48 (55.8%)	17 (20%)	65 (38%)
Total	86 (100%)	27 (100%)	171 (100%)

Major source of income	Innovative organizations	Traditional organizations	Total
Voluntary income or fees	35.8%	64.2%	100%
Governmental funding	73.8%	26.2%	100%
Total	50.3%	49.7%	100%

$Chi^2=68.5510$; $0.0005>p$

Table 4.17: Summary of statistically significant relationships

Factor	Innovative vs developmental organizations	Innovative vs non-innovative organizations
Social environment	-	-
Age	-	x
Nature of Staff Group	x	x
Size of Paid Staff Group	x	-
Orientation of organization	-	x
Major Sources of Funding	-	x
(Key: x = statistically significant relationship found)		

Figure 4.18 Mapping the boundaries of innovative voluntary organizations

Strong Boundary

Weak Boundary

Developmental
Organizations

Volunteer Based

Age

Existence of a Paid
Staff Group

Innovative
Organizations

Existence of a Paid
Staff Group

Orientation of
Organization

Funding Pattern

Volunteer Based

Age

Traditional
Organizations
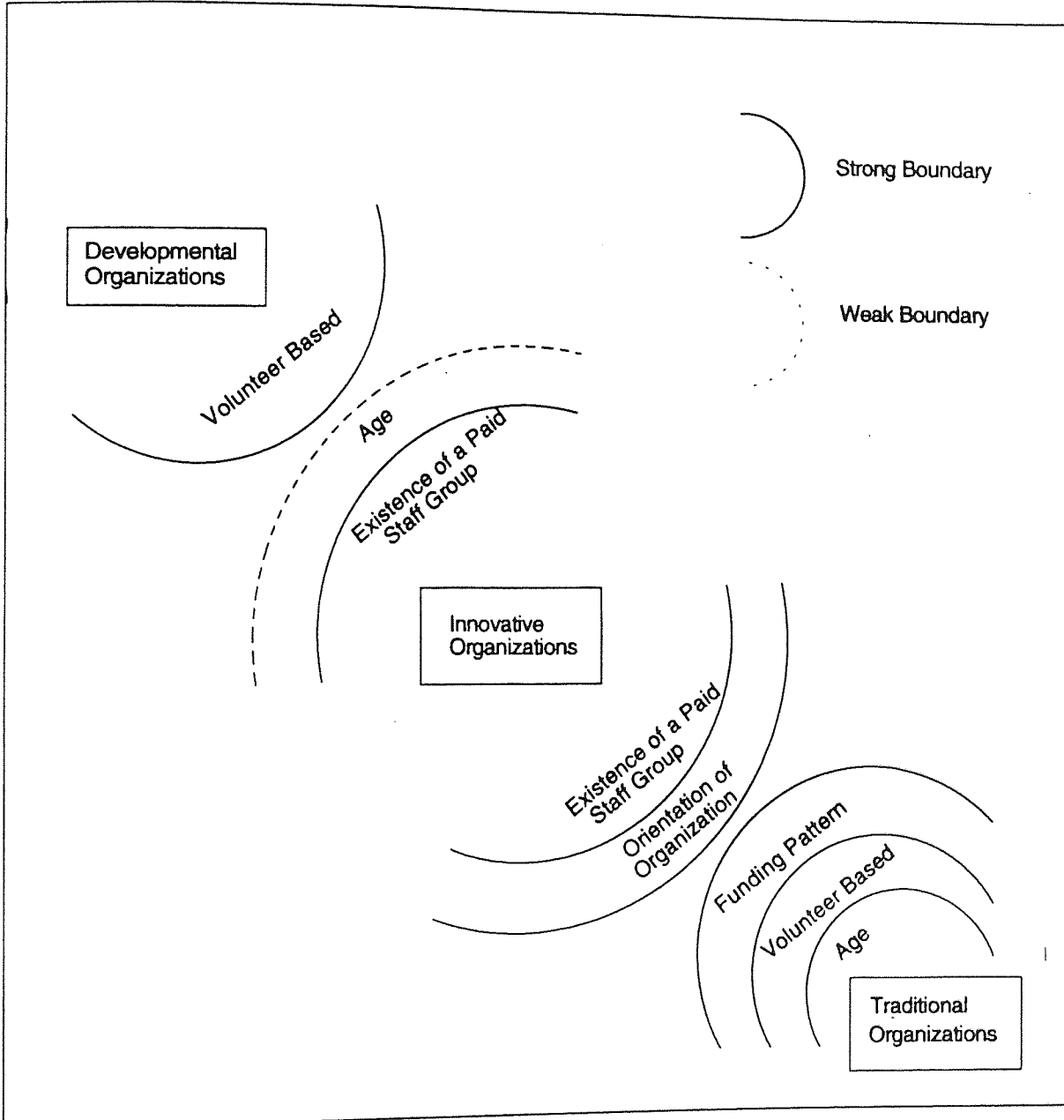
The Differences Explored Further, by Discriminant Analysis

Discriminant Analysis (Eisenbis & Avery 1972; Klecka 1980) is a statistical approach

> '...for seeing the association between a large set of independent variables and a dependent one.' (Hedderson & Fisher 1993, pp. 141-142)

It works by classifying cases into one of a number of mutually exclusive groups, upon the basis of such associations. In this case, it is particularly useful for differentiating the relationships between innovative, developmental and traditional voluntary organizations, upon the basis of the organizational characteristics (or variables) identified above. In this study, the analysis was facilitated by use of the SPSS sub-programme *DISCRIMINANT* (Norusis 1988;1990).

Seven variables were taken for the basis of the Discriminant Analysis. Each was divided into a number of dummy variables. This was necessary for two reasons. First, some of the variables were nominal ones. However, DISCRIMINANT can work only with numerical variables, and so they required translating into a series of numerical dummy variables to allow SPSS to distinguish between them. For example, the programme would not differentiate between the different nominal categories contained within the variable *client*. It was therefore necessary to create a series of dummy binary variables for each of these sub-categories (ie. *children*, *adults*, and *general*).

Secondly, DISCRIMINANT is poor at dealing with numerical interval variables with a large range of values (such as staff size). Again, dummy variables were used here, this time to reduce the range of values to a smaller number of categories of greater significance (such as *no paid staff, five or under paid staff*, and *six and over paid staff*). These issues are dealt with in more depth in the works by Norusis cited above, which works guided my own use of DISCRIMINANT.

The dependent variable, which the Discriminant Analysis was to analyse was the innovative (or otherwise) status of the organizations This variable was called STATC. This was sub-divided, as suggested above, into innovative, developmental, and traditional organizations, upon the basis of the work that these organizations reported in the questionnaires. The seven independent variables are detailed in Table 4.19.

The analysis proceeded in a stepwise manner, that is, removing a variable as its contribution to the analysis was identified. Because the dependent variable was separated into three sub-groups, the analysis was set to produce two possible functions with which to discriminate between them (Hedderson & Fisher 1993). As previously, statistical significance was set at the 0.5 level.

DISCRIMINANT identified five of the independent variables as contributing at this level of statistical significance to the differentiation between the dependent sub-groups. These were, in order of substance (ie the most significant was included in the analysis first and then removed):

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PAYO

AGE5

FUND1

PAY2

FUND3.

The two discriminating functions created from these variables were as in Table 4.20.The standardized canonical coefficients show FUND1, AGE5, and PAYO to be the key variables (those with the highest discriminant coefficients) in the first function. FUND1 and AGE5 are both positive coeeficients, whilst PAYO is a negative one. This would suggest that the first function is discriminating upon the basis of the presence of governmental funding as a major source of finance and the age of the organization being five years or under, but negatively upon the absence of paid staff. By contrast the key variables in the second function are all positve. These are FUND3, PAY2, and PAYO. This function is thus discriminating positively upon the basis of the presence of these variables.

The significance of these functions is then shown in Table 4.21. The eigenvalue is a measure of the discriminating power of each function, that is how powerful it is, with a value of 0.40 or over being 'considered excellent' (Hedderson & Fisher 1993, p.   148). Thus function one is clearly a powerful one, with function two contributing only slightly to the analysis. This is confirmed by the percentage of variance in the analysis (that is, difference to be explained by the functions) accounted for by function one, with over 80 % explained by this

function. The high value of the Wilks' lambda coefficient for function two is also revealing. This has a maximum value of 1.0 and varies in inverse proportion to the discriminating power of its function, once the previous function one has been removed from the analysis. In this case, this coefficient if high for function two, indeed almost equivalent to 1.0, suggesting that most of the discriminating power is in function one.

Table 4.22 shows the canonical discriminant functions at group means, for each function. The relevant point here is the range between these means, as indicating the direction in which these functions discriminate. These show that function one is a significant discriminant between the innovative and traditional groups of organizations (with a range from 0.81778 to -0.77328). Function two, the weaker function, is the discriminant in relation to the developmental group of organizations. It is different from both the other groups but most strongly from the innovative organizations (0.71429 to -0.10258)

The relationship between these functions is displayed diagramatically in Figure 4.23, which gives a good visual view of the differences involved. Here the strength of function one in discriminating between the innovative and developmental organizations can be seen clearly. By contrast, function two (the weaker function) provides little discrimination between these two groups, but does discriminate the delopmental organizations from both of these previous groups.

Finally, Tables 4.24 and 4.25 show the predicative ability of the above functions. These compare the predicted group membership using these functions with the prior probability of correctly classifying membership upon the basis of chance. As would be suspected from the above analysis, the predicative ability in relation to the innovative and traditional organizations was high (on the basis of function one), but that in relation to the developmental organizations (on the basis of function two) was low. Nor was any pattern apparent in the destination of the *failed* classifications for this latter group of developmental organizations. These were split quite evenly between classification as traditional or innovative organizations (41.9% to 45.2% respectively). This clearly reflects the relative power of the two discriminating functions.

Table 4.19 The independent variables in the discriminant analysis

Variable	Dummy variables	Meaning
Age (in years)	AGE5 AGE20 AGE21	age<6 5<age<21 20<age
Area	AREA1 AREA2 AREA3	Bellebury Midwell Southshire
Client group	CLIE1 CLIE2 CLIE3	children adults general
Funding (major source)	FUND1 FUND2 FUND3 FUND4 FUND5 FUND6	government voluntary fees/charges bequests other trusts
Orientation	ORIN1 ORIN2 ORIN3	self other intermediary
Paid staff (number of)	PAY0 PAY1 PAY2	none five or under six or over
Volunteers (number of)	VOL0 VOL1 VOL2	none ten or under eleven or over

Table 4.20 Discriminating functions of analysis

Variable	Standardized canonical discriminant function coefficients	
	Function 1	Function 2
FUND1	0.41981	0.02446
FUND3	-0.13758	-0.55909
AGE5	0.52097	-0.11977
PAY0	-0.54184	0.66502
PAY2	0.11451	0.93460

Table 4.21 The significance of the discriminating functions

Fcn	Eigenvalue	Pct of Variance	Cum Pct	Canonical Corr		After Fcn	Wilks' Lambda	Chi-square	df	Sig
					:	0	.586349	92.354	10	.0000
1*	.5407	83.48	83.48	.5924	:	1	.903369	17.581	4	.0015
2*	.1070	16.52	100.00	.3109	:					

* Marks the 2 canonical discriminant functions remaining in the analysis.

Table 4.22 Canonical discriminant functions at group means

Canonical discriminant functions evaluated at group means (group centroids)

Group	Func 1	Func 2
0	-.77328	-.10258
1	.81778	-.19444
4	.20845	.71429

Figure 4.23 Territorial map of functions and variables
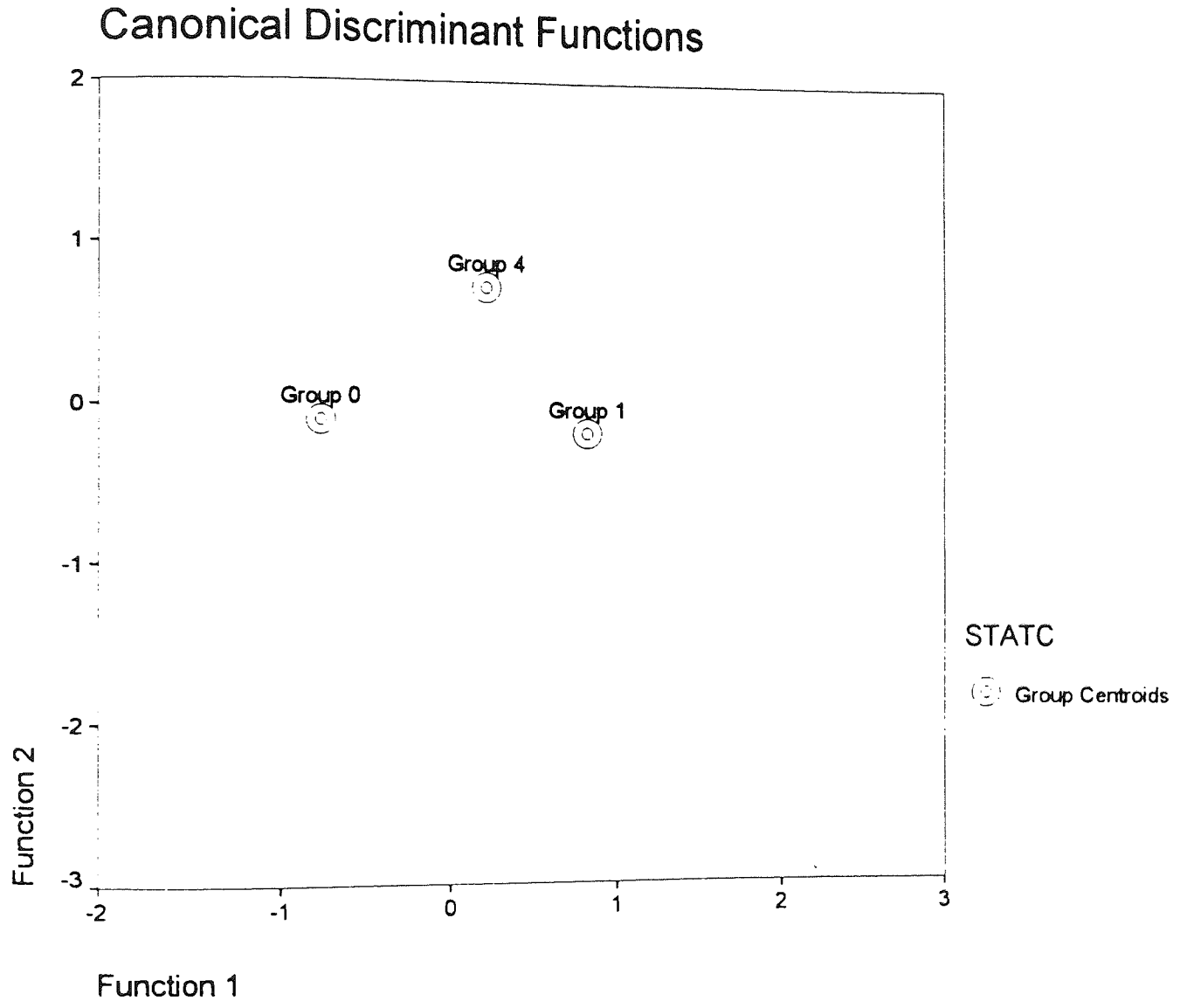

Canonical Discriminant Functions

Table 4.24   Predicative ability of discriminating functions

Organization-al group	Number of organizations	Prior probability	Predicted by functions
Traditional	95	0.45	0.87
Innovative	70	0.38	0.70
Develop-mental	31	0.17	0.13

Table 4.25 Analysis of classifications in above predicative matrix (by percentage)

Actual group	Traditional group predicted	Innovative group predicted	Develop-mental group predicted
Traditional	**87.4**	11.6	1.1
Innovative	27.1	**70**	2.9
Develop-mental	41.9	45.2	**12.9**

*(correct classifications highlighted in **bold**)*

Discussion of the Discriminant Analysis

The application of Discriminant Analysis has uncovered five variables of importance in discriminating between innovative developmental and traditional organizations. These are governmental funding as a major source of finance for an organizations, the use of fees and charges, being a young (under six years old) organization, the presence or not of paid staff, and the presence of a large staff group. On the basis of these variables it has been possible to construct two functions to discriminate between the three types of organizations. The first function was built around the variables of governmental funding, being a young organization, and the presence of a paid staff. The second, function was built around the variables of fees and charges as the key source of income, the lack of a paid staff group and a reliance upon volunteers, paradoxically, and the presence of a large staff group.

Upon further analysis it was found that the first function was far more powerful than the second one. It was subsequently identified also that this first function was especially good in discriminating between traditional and innovative organizations, whilst the second function was better at discriminating beween the developmental organizations and the other two types. However this latter one was a much weaker function than the first one. The respective eigenvalues showed the first function to be significant, whilst that for the second function was below the usually accepted level of significance.

Taking the sign of the canonical coefficients into account, the first function correlated positively with governmental funding and being a young organization, and negatively with having no paid staff. When this function was compared to the organizational types, it was found to correlate positively with the innovative organizations and negatively with the traditional ones. This relationship was confirmed when it was used as a predicative tool, in relation to the categorisation of the organizational types, where it was quite successful in predicting the pattern of innovative and traditional organizations.

Perhaps the most significant point about function two was its lack of discriminating power. It was strongly related to discriminating the developmental organizations from the other two groups, but could do so with very little efficiency or power (indeed a random choice would have proved more successful!).

This confirms the pattern uncovered in the earlier chi-2 analysis of the distributional statistics, that it is possible to differentiate between the innovative and traditional organizations upon the basis of their organizational characteristics (that is, that there are distinctive organizational groupings). However, it was hard to distinguish at all between the developmental organizations and the others. In terms of ther organiational attributes at least, they were almost equally indistinguishable from the other two groups.

Three: Conclusions

This chapter has been concerned with mapping and structuring the field of innovative activity by voluntary organizations. It began by discussing the characteristics of the innovations themselves, and ended by exploring the attributes of the innovators.

It found that *innovation* was used very loosely by the representatives of voluntary organizations, to cover a range of new(ish) activity, from opening a club an extra morning a week, or providing the members of an organization with a free turkey at Christmas, developing new services for people suffering from AIDS. However, using the definition and associated classification of innovation developed for this study, it was possible to differentiate further between genuinely innovative activity, which did involve discontinuity in the services and/or the beneficiary group of an organization, and developmental activity, which improved an existing service to an exisiting beneficiary group of an organization.

The classification matrix developed for this study proved an essential tool in helping to separate out these developments from the genuine innovations, and identified this as an issue to be explored in more detail later in the study. Finally it was also possible to identify a group of organizations which did not see it as feasible and/or appropriate for them to be involved in innovation. Rather they concentrated upon providing their exisiting service, or range of services, to

their exisitng beneficiary group. These were termed the traditional organizations.

In terms of the innovators, and their traditional and developmental counterparts, this chapter has explored their attributes from two methodological directions, as part of its triangulation strategy. The first was through the analysis of distributional statistics, using chi-2 tests. The second method was the exploration of these organizational attributes in more relational terms, using Discriminant Analysis.

An strong level of mutual correlation was found between these two methodologies. Both found that it was possible to distinguish between innovative and traditional organizations on the basis of a set of organizational variables, but that it was much harder to distinguish between the developmental and the other organizations. This is clearly an issue for further exploration, below.

In terms of their organizational characteristics, these two approaches confirmed a boundary between innovative and traditional organizations based upon their funding patterns, staffing, and age. Innovative organizations tended to be younger organizations, with at least one member of paid staff, and to have government as their major funder. Traditional organizations tended to be older, not to have a paid staff and to be more reliant upon fees and charges as their major source of funds.

With relation to the age factor, it is important to be clear about what is being revealed here. In one sense, it could be simply that young organizations are being seen as innovative because their very age means that anything that they might do would be a new departure for them. This was not the case here. Some organizations did report their own development as an innovation in itself, but this was where there had been no previous service available. Again the support service for people with AIDS was a good example of this type of development. However, with the majority of organizations, perusal of the questionnnaires made it clear that the reported innovations were new impeti in relation to the exisiting services of these young organizations.

Finally, it is important to be clear about what is being identified here. These are *descriptive attributes* of innovative and traditional voluntary organizations. They must not be confused with *causal explanations*. They tell you what sort of voluntary organizations tend to be innovators. They do not tell you why. In order to explore thse important causal issues, it is necessary to move onto the second stage of this study. This involves the use of cross-sectional case studies in order to test out four explanatory hypotheses about the innovative capacity of voluntary organizations.