

What Strategies do Value-based Organisations Adopt to Resist Incursions on their Organisational Values from Public or Private Sector Markets?

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1. Introduction

This study arose from debates about the extent of co-option by co-operative and voluntary organisations by either state or commercial agendas. Rosenman (2000) described how such organisations were ‘morphing’ into commercial markets and Dahrendorf (2001) warned that many larger voluntary organisations were becoming indistinguishable from the state. Six (1994), however, had pointed out the fuzzy conceptual boundaries around such organisations and argued claims for their organisational independence were exaggerated. The study focused on organisational strategies adopted to resist incursions and disruptions to their organisational values to uncover processes, practices and structures that enabled one organisation to remain vibrant and value based, while another might degenerate (Webbs 1920) into a pure commercial concern or one that is ossified (Milofsky 1997). The research used a case study research strategy (Yin 1994, Scott 2000) to examine UK not-for-private-profit organisations in the fields of children’s rights, environmental action and homelessness using semi-structured interviews with over 50 organisational actors. Critical incidents (Tripp 1993, Schein 1985) were deployed to explore instances where values were invoked in order to explore factors affecting the reproduction and transformation of organisational values. Results were coded in NUDIST and supplemented by documentary information from inside and outside the organisations.

2. Some points on organisational values

It is likely that all organisations have values, in the commercial, public and third sector. These may be tacit or articulated beliefs about the organisation: what it should do, how it and its members should behave and what kinds of things it believes in. These are values which may be recognised, acknowledged, acted out, or responded to, in varying degrees by organisational members and outsiders.

The extensive literature on organisational culture often stresses the importance of strong and clear values. This has led to a tendency for organisational values to be reified, just as organisational culture has been, at times, by writers such as Peters and Waterman (1995:11). From such a viewpoint values are seen as objects possessed by an organisation, perhaps controlled and inscribed from above, captured easily in mission statements and transmitted to new recruits. This kind of picture of organisational values is perhaps evidence of a management-centric view of organisations critiqued by writers such as Alvesson (1996) and organisational anthropologists such as Wright (1994:2-4). Such a picture fails to take account of the way values are negotiated and contested across, up and down, and outside the organisation and may be in need of exploration rather than simple articulation.

Organisational values are not just embodied in what people say but in what they do. Further we are unlikely to be able to articulate all of the values we hold. This is described by Polanyi (1975) and later Nonaka and Takeuchi (1995) as the tacit realm: we know more than we can explain about what we do. The written or articulated statements of values can then be starting rather than end points.

It is also important to distinguish different types of organisational values. There are values which are embedded in the organisational delivery process (good service, quality childcare, equal opportunity provision) or in the product (an ethical fair traded commodity), ideological values (adherence to certain principles or views in negotiation with the state), social values (how people may conduct themselves at work and after) and many others (adapted from Batsleer 1992: 54). We should also be aware of different levels of adherence across the organisation to any particular identified organisational values, and for many good reasons, so some people may feel marginalised and isolated from the organisational ethos on grounds of race, or gender or culture. Relevant here is Weick’s (1995: 99) discussion that values are part of the meaning system in an organisation, one of the ways we make sense of what is going on, and that

power relations exert their influence over the defining of organisational meanings (Czarniawska-Joerges 1989:139).

For voluntary and charitable organisations in the third sector the issue of organisational values is often felt acutely, for, as Drucker has put it: what's the bottom line when there is no bottom line (Drucker 1994)? Sometimes organisational values have been placed where the profit motive is in commercial organisations, although this can be a dangerous procedure with ideological battles sometimes overwhelming an organisation to the point of collapse (see Landry 1985). However, practitioners within the not-for-private-profit sector often claim there is 'something distinctive' about the way they manage and organise themselves and have identified this with their organisational values. This has often been difficult to pin down, as Paton and Cornforth (1992) have pointed out, but while values are important in all organisations, for voluntary organisations, they are at the heart of the matter for 'without values these organisations often would not exist' (Paton, Batsleer, Cornforth et al 1991: 40).

The ways in which these crucial organisational values are animated, maintained, developed, or in short 'reproduced' (Stryjan 1989) is then one of the crucial issues for the sector. Without a way to maintain their values such organisations may 'degenerate' as the Webbs famously postulated they must, although this is not an inevitable pattern as Paton (1985) and others (see Cornforth, Thomas, Lewis and Spear 1988) have pointed out. The other danger is they may ossify, becoming what Milofsky (1997) described as 'traditional organisations'. They may have been associated with some early social development and have now 'become a symbol for the culture' and cannot be allowed to die although they may have lost all sight of their original purpose.

Clearly social economy organisations are not operating in a social and political vacuum and the third sector has been viewed as part of the changing shape of the UK welfare regime. The term 'the voluntary sector' was not used before the late 1970s and so although certain organisations (Age Concern, CARITAS etc) existed then, and will no doubt continue to exist, the conceptual distinction between public, private and voluntary sectors may just become blurred (Six, P. 1994:406). How will value based social economy organisations change through this transition? Have they been drawn from important roles as advocates, critics, trailblazers of innovation, instigators of social inventions, carriers of social movements, to simply becoming the longer and more flexible arms of government or commerce? It is important not to be either overly romantic or idealistic about what roles third sector organisations have played or how independent or radical they have been. Perri 6 asserts the 'independence of the voluntary sector has been exaggerated and its distinctiveness needs to be reappraised' (Six, P. 1994:403).

3. The approach to the research

The research study examined in depth six organisations in the voluntary and co-operative sector in the UK using a case study methodology which involved semi-structured interviews, analysis of printed documentation and observational techniques. Ten other organisations were examined in less depth. These organisations had contrasting styles of working: some were involved with campaigning, others service delivery, some were closely involved with regeneration and commercial contracts, others were predominately trading organisations. The study aimed to take, following Yin (1994), different types of organisations across the co-operative and not-for-profit sector to examine the values reproduction process in different settings. The starting point for factors of difference was to examine the effect that organisations seen as distant or closer to the market would have on the value reproduction processes.

The six organisations studied in depth represented organisations operating in a predominate grants and contract culture to organisations operating in predominately trading markets.

3.1 The organisations

Quasi-market organisations (operating in funding or contracting environments)

1. Ormiston Children and Families Trust (using grants and some contracts).
2. St Mungo's (using grants, contracts).
3. Shelter (using contracts, grants, donations and other income).

Commercial market organisations (operating in commercial environments)

4. Coin Street Community Builders (using loans and earned income).
5. Centre for Alternative Technology (CAT) Co-op, PLC and charity
6. Infinity Wholefood Co-operative Ltd (using income from sales of goods).

I also examined two other organisations in less detail but which operate as extreme and contrasting cases to those above - one very small and informal, the other large and highly organised. These were:

Brighton Urban Design and Development (BUDD), a volunteer campaign group working on local regeneration issues with no paid staff is unconstituted and has an income of less than a £1,000pa

The Oxford, Swindon and Gloucester Co-operative Society (OSG) which is a consumer co-operative with an income of £270m, over 70,500 active members and 3,400 employees.

I refer to these two organisations in the text at certain points to illustrate specific points.

3.2 The organisations by income freedom

Quasi-market organisation: Shelter		Ormiston	St Mungo's
Dependence on state income:	20%	50%	90%
Voluntary income:	80%	50%	10%
Total income	£26m	£1.4m	£20m
Year ending	2000	2000	2001
Commercial market organisation: Coin Street CBLtd		CAT	Infinity
Dependence on commercial income:	*%	66%	100%
State income:	*%	0	0
Charitable income:	*%	33%	0
Total income:	£2.6m	£1.1m	£7.6m
Year:	1998	1998	2000

* these figures are difficult to disaggregate meaningfully at Coin Street

4. Findings

For the purposes of this paper only a summary of the findings is presented here. Full presentation of the results will be available in a forthcoming paper.

4.1 Voluntary Organisations

I examined Ormiston, Shelter and St Mungo's as organisations operating in funding or quasi-markets. These three organisations provided contrasting cases in terms of values reproduction with different characteristics in terms of their degree of financial independence from the state. St Mungo's saw itself as 90% dependent on state funding, directly or indirectly. Ormiston gained 50% of its income from state funding, 25% from voluntary income and the remainder from grants. However Shelter received only 18% of its income from government grants (15%) or contracts (3%) but had 80% voluntary income.

A 'common sense' argument might propose that not-for-profits with a high degree of income independence from the state might more easily maintain and reproduce their organisational values than those with little such independence. This however cannot be tenable in any simplistic form. If it were true

then we might expect Shelter to find it easiest to succeed in reproducing its organisational values and St Mungo's to find it hardest. However, within parts of the Housing Services Department, the main service delivery arm of Shelter and which employs 70% of the workforce, there is a severe strain, and in some cases transgression, of the organisational values. The organisational value of seeking to provide housing advice to all those in housing need was both an espoused value and for many managers a sought after value-in use, yet it was strongly compromised by the contracts to deliver housing advice. Similar evidence was not found to this marked degree in either Ormiston, where strong negotiation processes with social services was maintained on the issue of 'introduction not referrals' to the children and family centres was maintained, or at St Mungo's where separate information gathering processes were being developed which might confound the funder's view of the problem.

Key findings:

- 1. The contracting culture of quasi-markets, invasive though it can be, cannot alone be totally determining of a not-for-profit's ability to maintain and reproduce its values.**
- 2. There can be greater constraints on value-based organisations operating in quasi-markets partly because the state's requirements can be more ideological in outlook, especially within the 'contract culture.'**
- 3. Value-based organisations in quasi-markets can maintain their values, even in the very constraining circumstances of contract culture, but it may require special vigilance and organisational characteristics. Access to voluntary finance is not a complete determinate of an organisation's ability to maintain itself as strongly value-based.**

4.2 The Market Orientated Organisations

I now want to turn to the organisations more orientated to commercial markets: Infinity, CAT and Coin Street.

Infinity was operating exclusively in commercial markets while CAT was operating predominately in these markets (a charitable wing contributed about a third of organisational income) while Coin Street was operating in mixed commercial and quasi-markets but had earned commercial income as feeding its core operation. Did these organisations face particular threats to their organisational values because of their location in commercial markets?

As the organisation deepest in such markets Infinity presents the first case to examine. Here I found the example of whether the shop should stock vitamin/food supplements an example of values transformation (the decision to do so went ahead) with the example of GM foods an issue of applying the organisational product values to a new situation (a boycott of such products was agreed). On the product values (selling organic and wholefood vegetarian goods) my assessment was that on the whole Infinity had been able to reproduce its organisational values, sustained to some extent by the niche market close to environmental movements. Where it had been less successful was in its process values around co-operative working and practices.

At CAT, the organisation second most dependent on commercial markets, they asserted there was no point in the commercial enterprise apart from supporting their goals and mission and claimed they would have soon folded without income supplied by the commercial operation as a visitor centre. In an example of a proposed link with a GM company, one more akin to sponsorship or gift in kind rather than the income from a commercial undertaking, a values conflict occurred with newer volunteers active in urban protest movements vociferous in protesting. The organisation is not dependent upon such links to maintain its core purpose and maintain its values: visitor income through entrance fees, spend in the shop and restaurant alongside a mail order catalogue and consultancy provide a mainstay of its income enabling it to maintain its environmental values. Nevertheless a decision to not proceed with the link was taken.

At Coin Street, which gains its core funding from commercial income but also operates in public sector markets too, they assert they would not have been able to provide the housing, employment and

environmental improvements had they been dependent on local authority support, if they had not had the independent income extracted from the ownership of the land. With an example of the housing development on Site A they had to work creatively to find a solution that would meet the needs of people with low incomes in housing need and thus their own board's value commitments but also satisfy the differing pressures from the commercial lenders (who required a higher return than Coin Street might offer on one planned development) and also from the local state and a government quango (who had requirements concerning type of housing stock that could be supported). Here, unlike Infinity and CAT they were working across both kinds of markets in order to maintain their values in providing homes for people on low incomes. This kind of example provides a useful insight into those two differing market pressures. From the commercial side the imperatives were to be convinced that the loan risk to undertake the building work would be minimised by seeing an asset that would be worth about a 30% proportion of the loan. From the state side the imperatives were more ideologically laden with policy and value imperatives: requirements to build larger housing units than Coin Street deemed appropriate for the site.

What is clear here in all three cases is that the commercial markets are not necessarily constraining in values terms for the kinds of products these organisations were engaged in delivering. I would argue that this stems from the nature of these markets as less ideological than state funding regimes. Judgments by mainstream banks on lending money to Coin Street for housing developments are more based on financial considerations of risk and returns than on the social desirability or not of the project. Visitors to CAT may be committed to the ideals of low energy and sustainable solutions but they also require a good day out for their entrance fee. Similarly shoppers at Infinity may be highly committed to what they see the shop standing for, but like visitors to CAT they are concerned with a quality, as well as an ethical, product. This is not to say that a damaging reputational attack, especially on their ethical credentials, might not harm their trading position (a report on voluntary organisations showed certain organisations there had faced significant reputational attacks (Gribben, C., Robb, S. and Wilding, K. 2002)). It is to suggest that their income streams are not so dependent on the decisions of one funding body, like a local government that might have explicit political agendas about what should or should not be stocked. Some of the dangers to such organisations are of the more traditional kind: an incremental slippage into more concern with financial returns over product values and/or, in CAT or Infinity's case, process values associated with co-operative values. In short the degeneration thesis. There were some signs of this at Infinity in some of the drivers behind the vitamin sales and arguably at CAT in the initial desire to work with a company associated with GM.

If maintenance of values was harder in commercial markets we might expect Infinity to be under most pressure as totally dependent on a trading income. In fact it was prepared to take a stand on the GM issue as was CAT on the same issue in a different context. It could be argued that this was simply to maintain a market advantage, so, an ethical trading company declining a product on ethical grounds may reinforce its position and brand image leading in turn to more sales. Arguably then Infinity and CAT could act cynically and support the general trend in the environmental movement with which it is identified by boycotting GM goods even if it did not care overly much itself about the issue: it could be a simple market decision. In response I would contend that such an approach seems unlikely to work in the long term, we might conceive of the organisation being less scrupulous if its members were not committed to such a line and then being 'found out' through a damaging incident. However even if they were committed but cynical in their ethical position the result for the customer would be the same and the market here would be sustaining and supporting ethical products. In other words the argument proves the opposite of what is intended: commercial markets in certain products could sustain the value system.

What must be said by way of qualification here is that both CAT and Infinity are operating with products in particular niche markets connected with a social movement that is high profile. We cannot postulate that the path would be easy for value based organisations operating in more mainstream markets, let us say selling washing machines, where the values are embedded in the process, let us say co-operative processes. This latter situation is exactly that faced in differing ways by the Mondragon worker co-operatives and the UK consumer co-operatives who must compete head to head with commercial operators who may have greater economies of scale with nearly identical products. One strategy here might be in 'asserting the co-operative advantage' (Spear 2000) positioning the organisation as having a good and ethical product (as done successfully by the UK co-operative bank). Oxford,

Swindon and Gloucester Co-operative Society (OSG) is perhaps a good example of a commercial value based organisation that had virtually lost its value base and yet has worked to reinvigorate its values: degeneration was not inevitable here despite the location in commercial markets.

The findings here were that:

F 2.1 These value-based organisations do not necessarily have more difficulties maintaining themselves as value-based because they operate in commercial markets.

F 2.2 These value based organisations operating in commercial markets report greater ability to pursue their own agendas through having independent commercial income.

F 2.3 The nature of the values pressures market orientated organisations face is different because of their location in different markets.

5. Market Pressures: morphing into commercialism or aiding income stability?

Recent debates in the US illuminate the commercialisation debate further. Rosenman (2000) suggested that value-based organisations in the USA faced a process of 'morphing into the market' under pressures to commercialise. Other US writers found not-for profits were indeed increasingly looking to commercial income so as to provide more guaranteed income streams which could be 'easier to grow and more resilient than philanthropic funding' and constituted 'more reliable funding sources than donations or grants' (Dees 1998:56). In considering Rosenman's (2000) 'morphing' or Dees's (1998) stability arguments we need to start by recognising two contextual points. Firstly, a different historical context for social welfare applies in the USA as compared to the UK - a context which certainly has an affect on the role and location of voluntary sector activity. This has particular relevance in the fields of welfare delivery, including homelessness and childcare, in which some organisations in this study were engaged. So state intervention in the UK, while not identical to that of the welfare regimes of Germany and France, is certainly construed differently to that in the USA (Esping-Anderson 1990), with greater state intervention anticipated in European contexts. While the boundary between state and third sector may now be in the process of being redrawn in the UK (Perri 6:1994), and the *delivery* agent shifting, the primary responsibility, does remain largely with the state rather than with commercial or quasi-market organisations who are implicated as providers. The direction and dangers of 'morphing' of many social welfare voluntary organisations in the UK context may then be different - with let me suggest, a morphing into 'state' rather than 'commercial' markets. It is with organisations such as housing associations operating close to commercial property and rental markets where we might reasonably expect the morphing Rosenman has described. The second point to raise here is that with organisations like CAT and Coin Street, which are necessarily more engaged in commercial markets, there is no 'morphing' taking place. Both of these organisations have chosen to operate close to such markets consistently for period approaching 25 years.

Having noted these points we should see that Dees is describing at least two different kinds of commercial operation. On the one hand some US organisations are raising money through attached operations with organisations such as Save the Children (USA) selling men's tie pins to spread the mission and raise money for the cause. This might be equivalent to the Christmas gift catalogues produced in the UK by many charitable organisations predominately for fundraising purposes. On the other hand some organisations are set to 'commercialise the core programmes through which they accomplish their mission...' by using fees and contracts (Dees 1998:56). Some of this has been via contracts to run government programmes and sometimes through fee-based work for corporations and sometimes through charging beneficiaries. This latter approach is likely to have much more penetration into the core values associated with service delivery than the former and more closely resembles the values drift that can be involved in UK contract culture.

Here I have distinguished different 'types' of organisations and I hope the logic of separating the 'commercial' from the 'quasi-markets' in this study is now underlined. The 'commercial' studied here, CAT and Coin Street, and most clearly Infinity, have values associated with products which are amenable

to commercial operations. They have successfully colonised this organisational environment over a period of time and their values are not necessarily in opposition to that environment. For example we could imagine a fair trade Cappuccino street seller finding a commercial niche, between Starbucks and Joe's coffee van, where the fair trade values are not necessarily endangered simply by commercial operation.

What has seemed much more problematic is in the quasi-markets within which many charitable organisations are now operating. Here the changing relation between state and voluntary sector has lent a more prescriptive and obligatory nature to contracts as opposed to previous funding requirements. In that sense in the UK the predominate tension for welfare service organisations has often been felt more between third sector and state rather than third sector and commercial interest. This might also be true too for a class of organisations not studied here: co-operative enterprises which are operating in welfare service settings, such as care co-operatives (see Spear, R., Leonetti, A. and Thomas, A. 1994) or even in more general service settings such as leisure, for example Greenwich Leisure Ltd in London (Social Enterprise London 1999:33). Here the primary contractual relation is with the state, although income is dependent on a commercial operation with internal processes values of co-operative working. This would need further investigation.

Coin Street and CAT are two organisations that are interesting to examine here for, while both are predominately market based, they also operate with public sector finance (in Coin Street's case) and with an element of income deemed charitable (in CAT's case). Unlike Infinity they are organisations that we could *conceive* of operating outside the commercial sector (even if their adherents could not!). However both these organisations stressed the degree of freedom and lack of ideological constraint their commercial activity gave them. As I suggested in the last chapter the dangers to such organisations may appear more when enticements of market success conflict with and then overpower values attachments. This is a version of the original degeneration thesis set out by the Webbs. I return to this issue shortly when I consider organisational environments.

Returning to voluntary organisations, I here take a slight diversion to consider sponsorship versus contracts. In examining the first part of Dees argument, even corporate giving and sponsorship to the UK charitable sector, at 4.7% of total sector income, is often lamented by fundraisers as being 'paltry' in the UK (Hill 2001) reflecting in my view different social traditions and attitudes between business and philanthropy. The nature of sponsorship incursions into UK voluntary organisations are somewhat different in nature to the marketising effects involved in contracts where the client may be directly affected. So, as we saw with Shelter, the values threat with contracts can mean a client being excluded from being in a priority category for service due to the government's priorities rather than those of the voluntary organisation. It is however worth noting here that in different kinds of organisations sponsorship too may have equally compromising effects on values. In this connection I have recently learnt of the way pharmaceutical industries are providing sponsorship and PR support for newsletters and publicity materials developed by small advocate groups working on health and drug issues which may subtly compromise these group's abilities to vigorously criticise their sponsors (I am grateful for this insight to W.P. Legget, who is researching this issue at Sussex University).

My argument here then is that morphing may be taking place between voluntary and commercial in Rosenman's sense but that a bigger threat, ideologically and in terms of values may be posed by the slide into uncritical contracting processes with the state. Certainly for some organisations studied here an embedded place in commercial markets was not necessarily deleterious to the organisational values and indeed added to income stability. The crucial question here must be one of external contexts and internal values. Where there can be a congruence between the two, values may not necessarily be endangered. Far greater threats may occur when organisations working for social welfare aims may be pushed into commercial operations or into constraining state contracts in quasi-markets.

Market factors can then act as constraints or inhibitors on the value reproductive processes. This research also examined other factors considered to have a direct effect on values. These were factors in the internal environment associated with management processes, informal processes and individual value carriers and external advocates of the organisation's values. There were also factors associated with the effect of social movements in and on the organisation, and inter-organisational networks such as communities of practice. Wenger, for example, sees communities of practice as working to 'promote the

spread of good practices.’ In an echo of the relation of social movements to the formal organisation Wenger points out it is ‘not easy to either create or maintain such communities of practice’ or integrate them into the organisation. ‘Their strength is self-perpetuating and they are fundamentally informal and self-organising’ (Wenger 2000:140,143). These kinds of communities of practice are similar to both the operation extra-organisationally of social movements on values maintenance and the internal roles of what I termed value carriers, key people who act, articulate and champion key values within organisations. These need to be noted at this point but are not discussed further here for reasons of brevity.

6. Theoretical Concerns

In my concern with the reproductive processes of organisational values, I did not see as helpful the reification of ‘values as things’ in the positivist sense. Some of that approach can be seen in the way that writers such as Peters and Waterman (1995) talk of values within organisational cultures as things possessed by organisations and that might be engineered and imposed by senior staff. However neither did I understand values as mere discourse, in strong constructivist terms, that might be part of competing but equally relevant discourses within the organisation. Boden (1994) comes close to this approach in her nonetheless illuminating study on the role of talk in organisations. The narrow realist line I was treading was leaning but aiming not to fall into either of these two camps. On the one hand it was to see organisational values as both relatively enduring beliefs forming part of an organisational ideology that would be shared by at least a significant number of key adherents and to whom they would form an active part of their thinking or practice. On the other hand it was to see organisational values as part of an on-going process of debate and contestation, mediated by powerful interests within the organisation, and by which means values had to be susceptible not just to reproduction but, via reinterpretation and modification in the context of a changing social world, be susceptible to transformation (and possibly degeneration or ossification). They might also be seen as a set of predispositions which formed a way of understanding what was happening and ‘what is to be done’ in the world of organisational action.

In the work here Giddens’ (1984) structuration theory was a starting point for understanding how the effects of structures such as markets and quasi-markets (Le Grand 1993) interacted with willed acts of organisations and agents to maintain organisational values. Giddens sees actors as having a fundamental role in the continuance of structures by continually reproducing them, a view contested well by critical realist thinkers. So Giddens sees that ‘All structural properties [under structuration theory] are the medium and outcome of the contingently accomplished activities of situated actors’ (Giddens 1984:191). However Archer (1998:369) who sees a central difference between her approach and Giddens is that he has conflated agency and structure. It is rather that structure must be pre-existent - the background against which we socially innovate, against which we produce or transform social life. It is this continual and necessary reproduction of society by knowledgeable agents that links him to Garfinkel’s ethnomethodology (Powell and DiMaggio 1991:22). Archer sees ‘morphogenesis and morphostasis’ as close to the notions of transformation and reproduction both of which ‘make sense as processes that come *after* something which existed *before*’ (Archer 1998:360). For Giddens, according to Archer, ‘structural properties only become real...when instantiated by actors, instantiation therefore becoming dependent upon current activities which, in turn, depend upon the knowledgeable ability of contemporary agents about what they are doing’ (Archer 1998:362).

This analysis is helpful in understanding the reproduction of social progress values in social economy organisations. It can help us understand that organisational values are in the process of *innovation* by social actors reacting and responding to social developments and are in turn part of that social development themselves. The values form part of the background stock of resources within an organisation, the ground out of which practice is enacted and judged. Now, in the case of the wholefood co-operative, not all organisational values are controllable directly by the organisation: organisational actors innovate against existing practice and procedures in new situations. Two contrasting examples are illuminative here. The first was the growing acceptability of vitamin supplements, or at the least dropping of active opposition, within parts of the wholefood fraternity which led to the stocking of these items. The shift in social attitudes here is expressed directly (in requests to the workers) and through a market mechanism (customers buy the products) and there is no backlash as far as I could uncover

(customers did not claim the shop is selling out and then boycott the shop). The formulation here owes something to Hirschman's (1992) schema with the three expressions analogous to his notions of both customer 'voice' and 'loyalty' coupled with an absence of 'exit.' A second example here from the same organisation is also instructive: the early decision in the mid 1990s to boycott foods containing GM products. Although this was a new issue, caused by the arrival on the market of products from the biotechnology industry, opposition here was seen as consistent with the values attached to already existing perceptions and views about wholefoods. Following discussions and research there was internally a consensus decision on the boycott within the co-operative and market support from customers.

My argument here is that these organisational values subsist in Bourdieu's terms in a social field made up, let us say, of 'brown rice vegetarian wholefooders' with an associated set of attitudes, ethics and politics and buoyed in a larger social (environmental) movement with which the co-operative is seen to be associated. Within the interplay of structure and agency, social actors reproduced and transformed their organisational values drawing on the resource of their previous value commitments and the dispositions and commitments of that wider social field.

At this point it is necessary to understand that the reproduction of the organisation is not necessarily equivalent to the reproduction of its values. An organisation might structurally persist, it might even undertake the same activities, however if it had simply become a government bureaucracy or a commercial organisation it is a contestable notion that it had merely usefully transformed its values for a modern age. We might, with appropriate evidence and discussion, asserting it had lost any sense of itself as an organisation undertaking work in consciousness of its values. Organisational configuration or type is not necessarily a determinant alone of values but a significant change in either values or type might alert us to examine closer whether this organisation is the one we thought it was. Such questions are common topics about organisations: did the Labour Party lose some essential values in deleting the clause advocating the working towards socialism? Did the UK protestant church reinterpret its values for a modern age in ordaining women priests? Does a UK mutual organisation, such as a building society, lose some of its values in converting to a bank owned by shareholders? With 'missionary organisations' (Mintzberg 1998) we are keen to know the mission and values and whether they are adhered to in practise in contemporary life. An analogy here might help. The embalmed body of Mau in the mausoleum in Tiananmen Square may aim to symbolically represent a persistence of the revolution and its ideals, but without further examination of contemporary social relations in China we are entitled to ask whether it may also represent its ossification. With value based organisations persistence, while beguiling, is not alone sufficient to convince us of value sustenance.

7. Reproduction of Values

Care must be taken to not assume an equivalence between the reproduction and transformation of *society* and its institutions and the reproductive and transformational processes of practices within organisation life. The analysis of Archer, Bhaskar, Collier (1998) et al is intended to operate at a deeper theoretical level than organisational analysis. However, the endeavour here is to locate the operation of such social reproduction within the shallower and more circumscribed temporal realm of organisational life. I issue a further rider here that organisations are not, on the whole, mini-societies despite the many sometimes appealing similarities for organisational analysts working from notions of organisational cultures. Most notably social institutions do not 'go to sleep' they are prevalent and enduring. Actors in organisations however can, with luck, even in workaholic companies, get home or leave the most persistent organisational ethos; organisations themselves can merge or dissolve. For social actors on the other hand there is no 'holiday' from many of the institutions of social life (for example gender or race discrimination) and few social institutions could be as easily dissolved as organisations (for example families).

With these reservations in mind I proceed, with some care, because there are aspects of social reproduction which I believe can cross the analytic divide and apply to some aspects of the organisation. Organisations are contained within society even when not being identical to it. Taking values as one example, within the organisational realm there are processes of socialisation into an organisations' value processes taking place that Schein (2002), in his work on US corporations and building from his experiences with prisoners of war in Korea, goes as far as to call 'indoctrination.' Some of these

organisational processes can happen tacitly in that we do not always directly chose to accept the organisational values, they can be embedded in organisational processes and practises that are hard to immediately entangle. An example here of a negative kind might be the values of institutional racism detected at an organisational level in the UK metropolitan police as described in the Macpherson Report (1999). Another more aspirational example was described by a respondent in this research who talked of the 'transformative power' of organisations seeking some variety of social change which he saw as twofold: aiming to transform society but also the individuals within the organisation. In these cases there is a process of reproduction of some social values within organisations, regardless of whether we approve of those values, and in a manner that is not always voluntaristic. A difference however between social reproduction and the special case of values reproduction in organisations is that for many of the organisations I was studying there is a self conscious attempt to reproduce some of those values by some knowledgeable human agents. This may not at all be the case in social life where reproduction may be the unintended outcome of actors' actions.

8. Remarks on Values Reproduction

I started out with the proposition that value-based organisations operating in commercial markets would face more constraints on maintaining their organisational values than those operating in quasi-markets. I was also interested to explore the factors which might support the reproduction of values in both kinds of organisations, considering, for example, the relative effects of organisational structures, key people and their informal interactions, the effect of social movements.

8.1 Quasi-market organisations

I examined organisations with three varying degree of dependence on state income. For organisations operating in **quasi-markets** I have shown that a high degree of independent voluntary income cannot *alone* be a sufficient guarantor of values maintenance nor can a high degree of dependence on state income *alone* mean inevitable values degeneration. It should be noted that in these organisations social progress values of a process kind were studied.

In the examination other factors I found evidence for value carriers in all three cases, however in the organisation where degeneration of values was marked (Shelter) there was a coincidence of weak organisational structures and weak informal processes. Protective membership structures of key boards was noted in different forms in all organisations. A semi-insulation of a values core was noted in two organisations including the one facing degeneration. Supportive social movements in some cases may have helped in the recruitment of new acolytes with a strong predisposition to the organisation's message and values, however in one case (St Mungo's) an associated social movement was found to be unhelpful and its effects needed to be resisted.

The argument then is that funding and contracting regimes for **quasi-market organisations** may be highly constraining and that voluntary income may be important but it needs the accompaniment of other factors if value reproduction is not to be hindered. The presence of value carriers with access to organisational spaces, formal or informal, was found to co-exist with the organisations successful in reproducing their values.

8.2 Market based organisations

I examined three organisations with varying degrees of involvement in **commercial market** environments. All three were able to show reproduction of significant organisational values. All three stressed the importance of commercial income to allow them to act independently. I have shown that value based organisations operating in commercial markets do not always face immediate and inevitable degeneration when faced with market threats. One of the minor case studies, Oxford, Gloucester and Swindon Co-operative (OSG), was undergoing a process of values regeneration illustrating that even where degeneration occurs, regeneration is also possible but also, again, that high amounts of independent income are no)guarantee of values reproduction.

Value carriers played a significant role in all three organisations in the examples of values issues studied and social movements (environmental movements) were implicated in values debates in the two

organisations with most dependence on the market (Infinity and CAT). Both these organisations had cooperative structures however in one (Infinity) the formal structures were weak, with a resistance to rationalisation, but informal mechanisms seemed stronger. At the other both formal and informal structures could be considered strong. Protective strategies for recruitment to key governance roles in all three were strong but in different ways: at Infinity recruitment processes to membership were being rationalised but recruitment from friends and customers had been strong, at CAT the processes had been formalised but with close checks and balances. At Coin Street the board was oligarchic and recruited carefully to fill gaps in expertise and to renew itself from an extended circle around the organisation. Here it should be noted that in all three cases social progress values were examined whose main component was product value orientated.

The argument here is that independent commercial income for **commercial market based organisations** like these, which have products of worth to the market, does not necessarily lead to degeneration, but as OSG reminds us, such income alone does not act as a guarantor of values reproduction. Value carriers were present in each organisation with access to organisational spaces, formal or informal, for debating and decision.

8.3 Market and quasi-market organisations: commonalities

Some of the issues are the same in value reproduction for both market and quasi market organisations - value carriers, external advocates, organisation spaces, and organisation structures and the formal informal aspects and to some extent social movements. The context in which they operate is different and the imperatives to resist in terms of income streams may also be different. These threats may be **ideological** in the case of the quasi market organisations and a pull to commercial **profits** in the case of the market organisations. For both kinds of organisation independent income is important but in neither case was this alone a guarantee of independence. For the quasi market organisations we saw the threat of a drift to state markets with a penetration of values towards client group and internal management processes. For the market orientated, the threat might be to maximise income or, as with the high street co-ops, to literally 'go to sleep' with too safe an income.

Those organisations in quasi-markets seemed to face a harder task in maintaining their values - and this was an explicit point made by the one operating in both, Coin Street, who found the ideological freedom of commercial markets refreshing. This should not imply that organisations can or should readily shift their market location, even if this were possible. The nature of the organisation's values and goals often determine in which market it is predominately located. To move for reasons of expediency could in itself endanger the organisation's values by changing what it does. The **processes** involved with working with either disadvantaged children and families or rough sleepers are not likely, by their nature, to be commercially profitable. That is not to say that spin off **product** activities (marginalised workers producing craft products) may not be sustainable. Similarly it is hard to imagine in a market economy the provision of wholefood **products** being a state fundable activity. Again, that is not to say that the **process** of community food and health groups does not attract charitable or state support. This leads me to the point that product values may require less 'organisational space' and process values may require more.

This paper offers an extract of some of the findings and analysis of a research project examining organisational value reproduction on social economy organisations. The focus in this paper has been on the effects of markets on those organisations, however this has left the account somewhat lopsided in that some of the other factors researched have only been alluded to but not discussed here. The effect then of the internal organisational environment, including the actions of value carriers, external advocates, informal organisational processes as well as management processes and organisational spaces for contestation and debate have been highly abbreviated. So too has the discussion on social movements and intra-organisational networks been only mentioned in passing. Nevertheless it is hoped that some of the findings concerning the effects of markets on these organisations is of interest in its own right and these can serve to whet the reader's appetite for the more extensive findings shortly.

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