

# Is Managing Traditionality More Important Than Managing Change? The Challenge for Strategic Management in Heritage Transport Societies

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## **Abstract**

The objective of this paper is to set out the concept of traditionality in non-profit voluntary organisations, and to propose that organisations with heritage-based missions, and which have resilience of purpose and continuity of beliefs, values and practice require the development of a new management paradigm. Equally it is proposed that for Heritage Transport Societies to adopt the 'rational strategy model' with management perspective primarily committed to an external focus on environmental challenge and an adaptive change paradigm is inappropriate.

In the first section I will discuss how NPHS's fit within typologies of non-for-profit organisations and identify the key characteristics of these societies.

A review of the key literatures on strategy process as applied to not-for-profits will highlight problematic areas, in the application of 'conventional' strategic planning processes, or 'rational strategy' techniques.

As a counterpoint, the applicability of the concept 'Traditionality' for Non-profit Heritage Societies will be argued, and methods of operationalising research into this concept will be explored.

The implications of characteristics of Traditionality for managing change in organisations is discussed, in the context of a typology of internal/external change pressures.

It is argued that Traditionality as an explanation of NPHS functioning requires a refocusing on key elements of the strategic planning process model rather than a refutation of the model, and how NPHS management can harness Traditionality to serve as a force for effective change is discussed.

## **Keywords**

Heritage not-for-profit societies, membership based organisations, traditionality, strategic management, managing change and continuity, organisation change.

## **The Context of Not-For-Profit Heritage Societies**

The starting point for classifying non-profit organisations would be the 'non distribution constraint' defined by Hansmann (1980), which proposes that an organisation is non-profit if it is prohibited by law from distributing surplus revenues to individual beneficiaries as dividends, profits or performance related pay.

Thus any financial surplus must only be spent on activities consistent with purpose or mission. This would be consistent with the requirements for charitable status and tax exemption advantages. However definitions of charitable status or tax exemption can vary arbitrarily. Therefore Hansmann (1980) proposes focusing on organisation financing and types of management.

'Donative' financing depends primarily on charitable donations, subscriptions, grants, bequests etc, as opposed to 'commercial' receipts from sales to individuals, or to governments via 'fee-for-service' contracts.

As to types of management, Hansmann defines 'mutual' non-profits as controlled by members through a democratic process, versus 'entrepreneurial' non-profits controlled by a board of directors which while nominally voted on by members in reality self-selects candidates for endorsement.

Hansmann's '2 by 2' spectrum is set out in figure 1, although for Non-profit Heritage societies finance and managerial control vectors can be more mixed especially if the structure of a Preservation society subscription-based and membership selected, combines with a 'private Limited Company' structured commercial operations entity.

**Figure 1: Management Control**

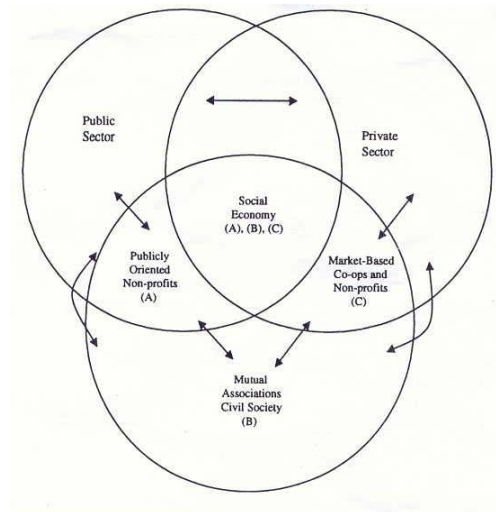
	<b>Mutual Non-Profits</b>	<b>Entrepreneurial non-profits</b>
Finance sources Donative N-P	Preservation Society	'Free' Museums and Galleries
Commercial N-P	Professional Associations	'Heritage Plc' Research Institutions Private Hospitals

Young (1983) proposes three other dimensions for differentiating non-profits, firstly the size of budget or revenues will affect the complexity of the management task but be independent of financial source/management control criteria above. A second characteristic is 'agency style' of management orientation, whether towards operational and managerial efficiency, or towards 'professional' research, preservation, or disciplinary objectives. Thirdly the extent to which the agency prefers self-determination and autonomy to networking, federation or affiliation links with other bodies.

Quarter et al (2001) argues that mutual non-profits, can be defined as having an 'inward orientation' whereby outputs are focussed on members who in turn support the society via fees and subscriptions and elect its governing bodies. Moreover such 'mutual non-profits' have more in common with co-operatives which also serve a membership but with a different form of incorporation, rather than with 'publicly orientated' non-profits aiming to provide or sell services to a defined 'public'.

To test this hypothesis five dimensions are derived from the social economy framework (Figure 2) and these are discussed below.

**Figure 2: The Social Economy and Civil Society**



Source: Quarter et al 2001, p.369.

A defining condition of the social economy is the social ownership of society assets, that is the society's assets belong to the organisation and no one individual, nor the government. These assets are a social dividend (Ellerman, 1990) passed through generations and building the asset base of the social economy. Members have the right to control asset use and the organisations. Thus the board of directors are analogous to trustees, and often referred to as such, their responsibility is to oversee the use of society assets consistent with its objectives. Thus Hansmann's distribution constraint is satisfied, the society is the sole asset owner to whom any surplus earnings can accrue.

Apart from this pre-requisite condition of property ownership, five variable conditions, dimensions that can differentiate organisations within the social economy can be proposed:

## 1. The dimension of Social Objectives

Organisations within the social economy are typified by having a distinctive purpose, educational, social, heritage etc. The objectives may be driven by the nature of charitable status, eg assisting a category of disadvantaged, linked to donors; or serving members mutual interests such as heritage presentation.

Whatever the criteria of purpose, even if an elite sports or social club a clear purpose is fundamental to a society's reason to exist.

## **2. The dimension of Volunteer Participation**

Volunteers have an important role in managing organisations in the social economy, serving on Boards and management roles and directly providing services. Within the social organisations these volunteers have pre-defined and structured roles, as distinct from volunteered spontaneity more likely in grass roots groups (Smith, 1997).

## **3. The dimension of Democratic Decision-making**

In non-profit mutuals and co-operatives each member is entitled to one vote, with a right to elect fellow members to the governing board, and to appoint the chief executive. Publicly oriented non-profits are more likely (Quarter et al 2001) to have a closed self-perpetuating board, but may retain collective structures allowing staff and volunteers to participate in decision-making. (Rothschild-Whitt, 1982).

## **4. The dimension of Independence from Government**

Social organisations receive fee-for-service payments from public authorities in health, education or heritage areas, these are most likely to have the characteristics of publicly orientated non-profit organisations. Membership-based mutuals and co-operatives tend to be relatively independent of government but may bid for specific funds, 'eg heritage project' grants.

## **5. The dimension of Market Reliance**

Social benefit is the key aim for social economy organisations, as distinct from personal management and shareholder rewards in the 'for-profit' sector. Thus we might refer to social entrepreneurship whereby commercial activities are undertaken that serve the organisations social objectives. (Ellerman, 1982).

Thus to summarise Non-profit heritage societies appear to confirm to the Hansmann & Quarter taxonomies as mutual non-profit organisation types in terms of membership roles, volunteering and independence of mission, but incorporate 'entrepreneurial' or 'co-operative' perspectives regarding commercial revenues derived from market place transactions.

For this paper I wish to stress three key attributes of NPHS's.

### Heritage as a mission driver

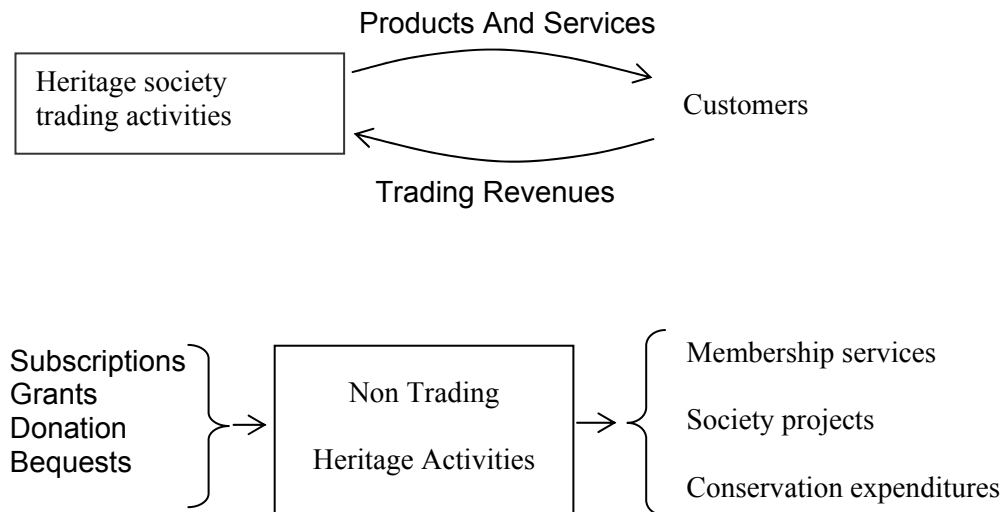
Because they are founded on, and are driven by a mission of commitment, these are value-based organisations focussed on particular values and outcomes. They are thus located in the social economy with characteristics of mutuality of interest and voluntarism in association.

### Resource acquisition from trading and non-trading activities

Societies as trading organisations rely in main on revenues from paying publics. Therefore external world issues of customers, markets, competitors are relevant to the organisation's strategies, they face opportunities and threats as part of the management task.

However not-for profit heritage societies are also reliant on 'non-trading' sources of funding such as membership subscriptions, grants and donations which make possible the funding of the membership society, and to finance new developments and projects not affordable from trading income. These sources are governed by the organisation's relationship with key stakeholders.

These funding flows can be represented below:-



#### The nature of stakeholder and governance - Societies as Membership Associations

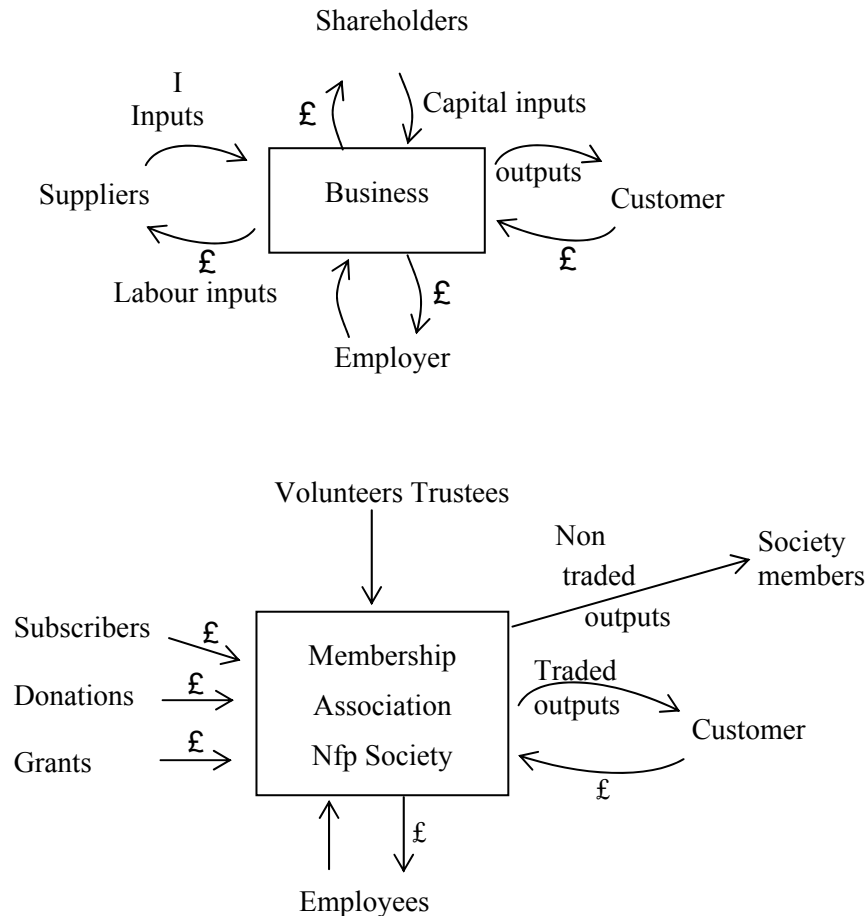
Billis (1993) identifies a membership association as a group who have come together to pursue a common goal, with a boundary distinguishing member from non-member. Regulatory rules of the association, the formation of purpose and objectives, and operational activities are conducted by the membership, who therefore contribute in a voluntary capacity to these roles. Rochester (1999, p.15) notes that in reality there is a spectrum of membership involvement from 'passive' subscription payers to active part-time volunteers to an inner core of heavily committed active volunteers who underpin operational and management activities. Where staff are paid two categories of employee emerge.

The first is the 'employed member activist' who shares the motivation, commitment and values of volunteer co-workers usually demonstrated by previous volunteering and who is now compensated for undertaking 'full-time' commitment to the organisation.

The second category of employee is hired by the association to provide ancillary support services eg catering on a contracted basis only.

Paton and Cornforth (1992, p.39) note that stakeholders in voluntary organisations may be more likely to have different expectations from each other, as compared to stakeholder groupings in for-profit business organisations, and also individuals may have multiple stakes eg as member and volunteer.

In stakeholder relationships in for-profit organisations the exchange relationship is captured by cash flows (see below). Stakeholder – organisation relationships in not-for-profit heritage societies are likely to involve ambiguity over ownership, working for and benefiting from the society which Harris (1998) can lead to problems over reconciling long-term purpose with short-term membership preferences, prioritisation and controlling volunteer activity, over-commitment by member or organisation and ‘burn-out’.



## The Strategic Planning Process and Management of Nphs's

Heritage societies have the ultimate, though often unwritten, purpose of organisational survival, in order to inform and involve future generations in understanding the dimensions of heritage at the core of the societies missions.

The dimension of time changes the purpose of the society from preservation, rescue or restoration of heritage artefacts that are threatened by economic or technical changes, obsolescence or decay initially, to conservation of the artefacts in an experiential context that offers information and/or entertainment valued by publics. Therefore stakeholder interests and expectations, the environmental context of competitors, customer tastes, cultural values, economic parameters, legislative changes and central funding, opportunities cause the NPHS

environment to develop as 'a complex weave of patterns of influence' (Herman & Heimovics, 1991).

Thus it is recognised that non-profits have to craft strategy within a structure of stakeholders, who may be members, beneficiaries, customers, employees, volunteers, funders, or trustees; interpretation of society strategies will be characterised by interdependencies between 'solutions', conflict of viewpoint and ambiguity of perception, in short the complexities of 'wicked problems' (Mason & Mitroff, 1981) may be highly relevant in seeking to understand the patterns and processes by which non-profit mission is embedded.

The literature on strategy formulation in not-for-profit organisations in part mirrors the debates in the for-profit sector. A number of authors advocate that not-for-profits need to become more 'strategically managed' (Ring & Perry, 1984), or are in the process of becoming so managed:-

'Strategic thought and action are increasingly important to the continued viability and effectiveness of governments, public agencies, and non-profit organisations of all sorts' (Bryson, 1988 p.74).

More specifically it is proposed that strategic planning also has potential:-

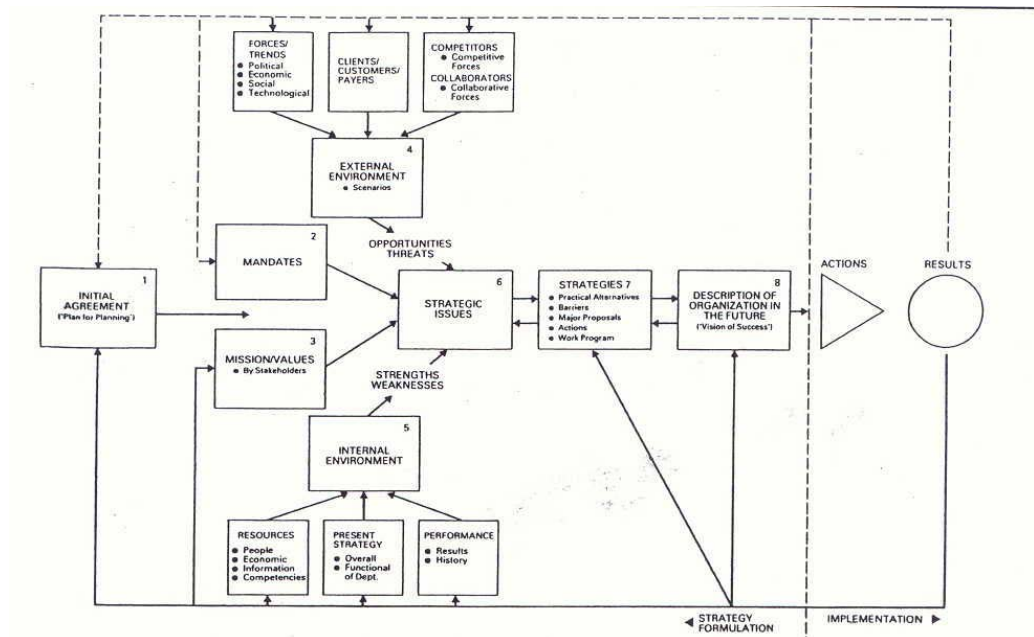
'Managers in the non-for-profit sector are responding to environmental changes in a fashion similar to their counterparts in private industry .... greater pressure for both to engage in strategic planning' (Steiner, 1979 p.325).

Stone & Crittenden (1993) found many relevant articles on strategy formulation in not-for-profits, on multiple and conflicting constituencies (Unterman & Davis, 1982), the applicability of formal planning (Stone, 1989, Mintzberg & McHugh, 1985) or modification of for-profit models (Hatten, 1982, Jain & Singhvi, 1977).

Stone & Crittenden note that the three areas of particular relevance to not-for profits (a) the influence of mission on strategy formation, (b) the role of goal conflict in formulating strategy and (c) the events or stakeholders that initiate the strategy process; have only attracted limited research attention with three articles on mission and strategy design (Bush 1992, Medley 1992, Gregson, 1978) and only one article on strategy initiation (Webster & Wylie, 1988).

Bryson proposes an 8 step strategic planning process for public and non-profit organisations below.

**Figure 3: Strategic planning process**



*Sources:* Based on materials of the Management Support Services Unit, Amherst H. Wilder Foundation, St Paul, MN; the Institute of Cultural Affairs, Minneapolis, MN; and the Office of Planning and Development, Hennepin County, MN

The model is a conventional adaptation of models of strategy formulation in the For-profit sector with the aim to strategically match organisation strengths to exploit identified emerging environmental opportunities, while at the same time addressing strategies to deal with organisational weaknesses and mitigate external threats. This strategic matching process is moderated by reference to the organisations 'mandates' which determine which pursuits, purposes, and strategies are permissible or not, and by a statement of mission and values emerging from a stakeholder analysis exercise.

The model highlights the importance of environmental determinants of strategic direction, mediated by the constraints or opportunities contained within the organisations mission and resource capabilities.

At this point it is worthwhile observing that my critique of the applicability of strategy management is not based on the generic critiques of the 'rational strategic analysis' model in The 'For-profit' sector. Issues such as the completeness of data and strategic information (Mintzberg, 1994); the debate between deliberate planned strategy formulation, as opposed to incremental patterns of strategy formation (Mintzberg & Waters, 1985) (Quinn, 1978); or the debate on chaos and complexities in real world strategic dilemmas (Stacey, 1993 and 1996) (Mason & Mitroff, 1981) are common to strategic debate and process whether applied to 'For-Profit' or 'Not-for-Profit' sectors. (Salipante & Golden-Biddle, 1995 pp5-7).

Neither am I alluding to a 'lack of strategy awareness' amongst NPHS management or membership. The Board of Trustees is the appropriate body to exercise strategic oversight, and



a separate and extensive literature focuses on Executive-Board dynamics. (Herman & Heimovics, 1991). Alternatively strategic consultancy could be 'bought in' if the success of the strategic planning effort is seen in terms of committing necessary resources to the collection, analysis and application of decision processes to strategic information (Bryson, 1988).

## **An Alternative Theory of Strategy Formation: The Primacy of Purpose**

Non-profit volunteering organisations, particularly the Heritage societies that are my research focus, are typified by having value or advocacy-based mission that encompassed a clearly defined organisational purpose and philosophy 'of being'; and by having a distinguishing and defining set of organisational resources encompassing membership 'world-view', volunteer motivations and skills, and heritage artefacts.

These attributes of NPHS match the sociological concept of 'Traditionality' (Shils, 1981) which is a typical characteristic of organisations that have developed strong inertial forces of continuity in terms of established structures, philosophies of existence, and operational practices. In turn researchers (Gersick, 1991) use the concept of 'Deep Structures' to explain the basis of these forces for continuity.

These deep structures are defined as:-

*'a network of fundamental, interdependent choices of the basic configuration into which a system's units are organised, and the activities that maintain both this configuration and the system's resource exchange with the environment'* (Gersick, 1991 p.15).

Thus the organisation will have clearly defined and strongly held sets of competencies and a historical commitment to continuity.

Traditionality is thus defined as a value set arising from a particular type of deep structure and pattern of historical continuity which is argued to be common to NPHS type organisations (Salipante, 1992).

Traditionality is presented as a sense of heritage and long-lived organisational identity, in cognitive terms the past is used as a guide to evaluate and conduct current strategies (the cognitive component) and an affective component whereby past models are a source of pride and appreciation.

*'The result is a strongly held belief in the legitimacy of involving the past as a guide for present and future action, and as a normative inertia facilitating a stable organisational order across time.'* (Salipante & Golden-Biddle, 1995 p.9)

Traditionality in NPHS organisations is operationalised by the concepts of advocacy-based Mission and Core-Expertise.

NPHS missions are prescriptive in terms of purpose, activities and assets.

*For example (i) To preserve and restore for the public benefit items of historical, architectural, engineering or scientific value in connection with railways. (ii) To advance the education of the public in the history and development of railway transportation. (Objectives of the Swanage Railway Trust).*

*'The preservation, restoration, conservation and acquisition of items of historic interest from our railway heritage (The Bluebell Railway Trust).*

The test of Traditionality in these missions is the constancy of its meaning and content over time, (The cognitive component); and through it being embedded in membership aspirations and motivation (The affective component). What the membership feel the mission should be, and what it is are congruent, clearly delineated and seen as a value-set to defend and advocate.

Bryson (1998) recognises the characteristics of advocacy-based mission in the 'mandate' (step 2) component of the strategic planning process (figure 3) which he defines as the 'musts' confronting the organisation formally contained in (legislation, articles of incorporation, charters or regulations, or informally within the organisations self-image and value-set. In tandem with stated mission (step 3) and values these mandates provide the 'raison d'être' for its existence as an organisation.

### **Core Expertise**

Core expertise as a component of traditionality (Salipante & Golden-Biddle, 1995 p.10-11) expands upon the 'core competence' perspective of strategy determination (Prahalad & Hamel, 1990). Core expertise articulates what NPHS organisations have a high level of competence in both by habitual practice and conscious decision (Hannan & Freeman, 1984).

This practice is transmitted across generations and throughout the organisation, it is congruent with and inextricably linked to mission achievement. The articulation in words and deed of the 'raison d'être'.

The constancy of core expertise knowledge, skills and practice over time (cognitive component) and the critical support of members and belief in practices (affective component) provide the organisation and membership with the opportunity to build social capital in mission competences.

### **Managing Change in a Context of Traditionality**

Thus far, we can see that traditionality provides a somewhat asymmetrical perspective on the strategic planning process as outlined by Bryson (1988). Firstly NPHS mission provides consistency in three dimensions for strategic context:-

Direction, defining the boundaries within which strategic choices and actions must conform, and the fundamental principles determining a valid strategy (Bourgeois & Brodwin, 1983) (Hax, 1990).

Legitimation, of organisation, philosophy and practice so that stakeholders will accept, support and trust the strategy pursued by the organisation, (Klemm, Sanderson & Luffman, 1991) (Freeman & Gilbert, 1988).

Motivation, by specifying the fundamental philosophy and practice driving organisation strategies an 'esprit de corps' evolves motivating members and volunteers over time. (Campbell & Young, 1991) (Peters & Waterman, 1982).

Overall, mission provides a stabilising 'worldview'. Secondly the resource competences embedded in the practices and operations of NPHS organisations as 'core expertise' provides direction for strategic content, which is eventually stabilising in effect.

Thirdly, strategic process is characterised by 'Doing', focused on learning and experience, rather than 'Thinking' future-based planning, and 'scientific' adaptation to events, or 'Seeing' via emerging ideas and insights. (Mintzberg & Westley, 2001).

Thus adaptation of NPHS strategy to changes in relevant environment is not accorded the importance suggested by researchers of environment determination of strategic evolution, (Thompson, 1967) (Burns & Stalker, 1966) whereby an organisation is adaptive over the long term in terms of structures and procedures that are matched to the texture of its environment. So how do long lived Heritage societies adapt and survive if their strategies are not overtly 'environment determined'?

## **Alternative Theories of Organisation Adaptability**

### **Theories of organisational ecology**

These support evolutionary models of 'fit' or 'isomorphism' with respect to their changing environments (Hannan & Freeman, 1979). The implication is that providing reliability and predictability to stakeholder clients provides favourable environmental dynamics of selection and survival. (Hannan & Freeman, 1984)

Survival in this context is due to the organisation having competencies that are tested by time and environment, and practices shaped by experience rather than analysis (Nelson & Winter, 1982). Thus rather than rationally plan for change, organisations should advocate historic competencies and value-sets and commit to continuity.

### **Life-cycle theories of organisation development**

Theories that predicate organisational change driven by strategy-structure tensions within.

Life-cycle theorists argue that ecological development of an organisation is likely over time to bring about dissonance between the management demands on the organisation and its 'historic' operating structures, (Greiner, 1972). The tensions set up are eventually resolved by crisis and transformation from which the organisation moves into a new evolutionary epoch of growth and board-management structure. Thus a sequential pattern of evolutionary growth punctuated by revolutionary problem-solving ensues (Pho, 1993). Life-cycle theories have been adapted to not-for-profits by Mathiasen (1996) and Wood (1992) and represent a theoretical framework for understanding evolution of board-managed structures over time. Life cycle theories proposes a sequenced ordering of such structural changes, which serve to take organisation competences and values forward.

### **Theories of convergence and upheaval**

External 'framebreaking' drivers of organisational change.

A second perspective suggests that organisations undergo long periods of convergence where deeply established structures evolve only incrementally but punctuated by periods of upheaval during which identity and structures are transformed (Tushman, Newman & Romanelli, 1986). This model of punctuated equilibrium focuses both on the enduring 'deep structures' of organisation mission, and values which need stability to strengthen the organisation and its

expertise, and contrasts this with the need to manage ‘transformation’ change when it becomes necessary due to major environmental challenge to the organisation.

A critique of these theories is that they focus on strategy *content* rather than the processes of strategy *formulation* or *formation* that we are researching, eg managing continuity, or managing transforming change. However the possibility that they may have an explanatory role must be borne in mind.

### A taxonomy of literature themes

At this stage it is helpful to set out a taxonomy of the extra-organisational and ultra-organisational theories of strategy formation that we have considered.

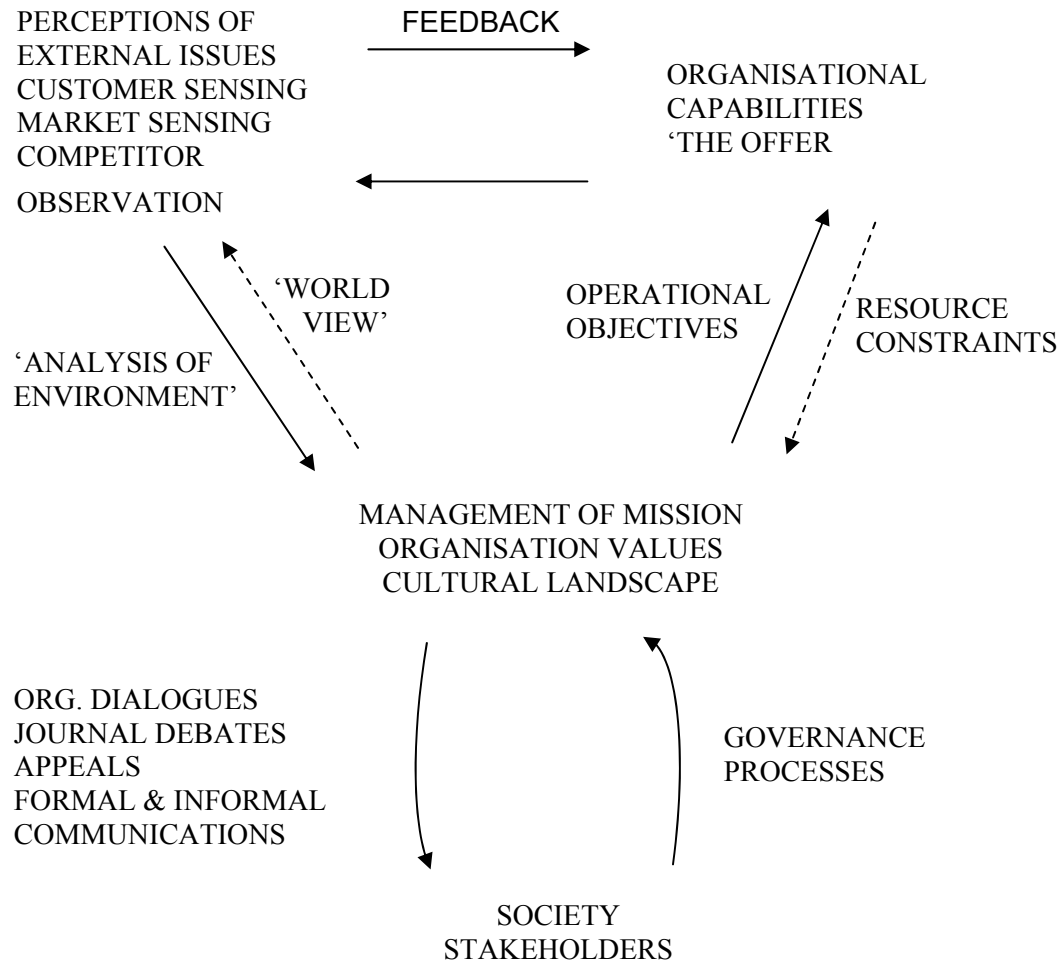
Strategy Issue	Strategic Management Perspectives	Traditionality Perspective
a. Organisation mission	Adaptive, driven by stakeholder power relationships	Mission is the raison d'être of organisation  Historical continuity likely
b. Culture	Contemporary views of organisation and its environment, an emerging set of values and beliefs	'Deep structure' context located in historical experience and choice
c. Organisation structure	Evolves adaptively to strategy	Focused on continuity and 'core expertise' practices
d. Strategic adaptability	Learning organisation paradigm	Organisational ecology paradigm
e. Resource capability	Core-competences can drive strategy	Core expertise as a protection of strategic continuity
f. Influence of external issues	Outside-in or strategic 'fit' change driven  'Prospector cultures'	Interpreted and accommodated in context of historical experiences and 'worldview'  Defender cultures
g. Large scale organisational change	Turn-around or transformation strategy to rematch organisation to environment challenge	Punctuated equilibrium 'upheaval'.  Life-cycle crisis epochs Increment adaptation of mission values

## Researching Traditionality As a Determinant of Strategy Formation

### 1. Shaping of 'worldview' in NPHS organisation

The process by which actions, beliefs, and values are communicated interpreted and refined are set out in figure 4.

**Figure 4: Intra-Organisational 'Shaping' of 'Worldview'**



The aim is to operationalise Bryson's (1988) concept of 'mandate' as interpreted by stakeholders, together with the elements of 'historical' interpretation of contemporary strategic dialogue within the organisation.

The use of historically situated values and practices and the identification of processes of legitimation of continuity in practices, beliefs and structures is of key importance in defining context of 'Traditionality'.

## 2. Strategic Tension in Organisational Identity and Environmental Determinism

I propose to adapt the Hrebiniak and Joyce (1985) framework below in order to produce a typology for change situations effecting NPHS organisations.

**Figure 5: Level of Environmental Challenge**

Levels of Environmental Challenge			
		High	Low
Challenge to Organisation Values and Practices	High	Fundamental change	Moderate change
	Low	Significant change	Minor change

A Fundamental type of change requires the organisation to respond to a high degree of environmental challenge of reduced support by 'publics', new competitor pressures, or a hostile regulatory climate, allied to internal questioning as to the organisation's mission. Such a trauma would require transformational strategic change (Chandler, 1962), in the organisation's beliefs, values, practices and structures. An example would be a heritage transport society seeking to re-invigorate a canal-based freight carriage service (one of the aims of the UK Inland Waterways Association in the 1970's). In reality changing land-use patterns made the 'environmental' freight carriage mission hopelessly unrealistic, the canals could only be renovated and maintained as recreational facilities, but with a new appeal to wildlife/ecological supporters.

A significant type of change is indicative of debates on conservation priorities as between those that are desirable on heritage grounds versus revenue potential. The Swanage Railway is a Heritage Railway based on the south coast of England, visitor numbers are highly peaked around the summer months and school holidays, and passenger surveys indicate that passengers are all too often seeking a 'train-ride' experience to entertain the family, or as an alternative in inclement weather. The Swanage Railway owns a small number of 'Heritage' wagons and coaches, authentic to the line in days gone by, but due to their poor revenue potential these artefacts languish in disrepair. The need for 'bread and butter' revenues from more modern but less 'authentic' rolling stock is paramount to ensure the basic survival of the line, which is in funding crisis. Also the Council of Management (Trustees) are currently considering a change to Plc status to enable a share issue, even though this could undermine the member-controlled democratic structure of the society.

The Moderate and Minor change vectors are not threatening of organisation traditionality, which helps maintain contact with its stakeholders and membership and commitment to the mission.

Strategic change pressures encounter strong inertial forces, lessening the impact and pace of change. Traditionality also frames the context of debate and consultation on environmental trends and evolving strategies within a focus on the historic mission.

Secondly because members are committed to past practices, the 'core expertise new ideas and practices are 'customised' to fit with 'old values'. Members invest in expertise and skills acquisition because they believe that constancy of organisation mission and practices will provide a long payback.

### **Strengths of Traditionality a First Conclusion**

Traditionality as a vehicle for consensus on organisation mission values and practices provides for a clear communication of the value of the society to its publics, membership and environment. Traditionality helps organisations select effective and efficient practices to survive crisis periods of environmental stress.

*'By holding the organisation to its historical mission, the routines that have made it valued in its environment and the crisis-forged practices that have helped it survive past environmental shocks' (Salipante and Golden-Biddle, 1995 p.15).*

By seeking linkage between traditionality and survival resilience the research aims to argue that NPHS managers should pay greater attention to the 'Primacy of Purpose' as a driver of organisation strategy with a greater understanding of how the interdependencies feedback loops and ambiguities represented by the 'strategic complexity' debate shape mission in complex stakeholder contexts.

Secondly it is argued that a strategic appreciation of core expertise and historical identity, can aid the formulation of effective adaptive change. Exploitation of historical values and image, strengthening of 'core expertise' practices and capitalising on mission historicity can be seen as a variant of the resource capability debate in strategy. Capability and environment co-exist in adaptive strategic tension, enabling the organisation that successfully exploits traditionality to instruct its strategic future paradoxically from historically embedded past capabilities.

Thirdly strategy formation in NPHS's should occur through experience of 'doing' rather than by design. Planning should be driven by the mission and its achievement, rather than be primarily externally orientated.

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