

Strategic Choice in the Non-Profit Sector: Modelling the Dimensions of Strategy



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ABSTRACT

This study examines the strategy choices and processes of 25 non-profit housing organisations in Ireland to establish an empirical basis for defining the elements of strategy for non-profit organisations and to identify contingency factors. This paper commences with a review of current literature on alternative approaches to strategy in both the private and non-profit sectors and proposes a framework for researching strategy in non-profit organisations. Using this framework, five key research questions are posed. Strategy in non-profits includes decisions in relation to mission, environmental analysis, strategic content, organisational structure and the process of strategy formulation. In addition to highlighting the detailed components of each of the five strategy elements for the 25 non-profit housing associations in Ireland, the research suggests that there are at least three potentially important contingencies in non-profit strategy:

- 1 A highly regulated and/or 'predictable' external environment is consistent with a 'systemic' approach to strategy;
- 2 Organisations in the midst of significant growth are more likely to be concerned with decisions around mission and structure, while those in a more competitive, lower growth environment will be more focused on environmental analysis and strategy content;
- 3 Human resource related elements have a higher 'visibility' in non-profit strategy than current strategy literature would suggest.

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INTRODUCTION

Studies of strategy in non-profit organisations have proliferated in the last decade with research questions addressing the formulation, content and implementation of strategy using a multitude of different methodologies. Nevertheless, the field remains fragmented (Stone et al., 1999) and displays an over-reliance on dated approaches to researching and formulating strategy derived from the private sector (Courtney, 2001). Furthermore, the majority of studies are based in the US, with relatively few studies on strategy in European non-profits. In this paper, we seek to address both of these issues by, firstly, proposing a research model that integrates recent literature regarding the range of strategic management approaches with existing knowledge about the shape and content of non-profit strategic management and, secondly, using the resulting model to describe the strategic choices made by 25 non-profit housing organisations in the Republic of Ireland (ROI) and Northern Ireland (NI). The focus of this study is on identifying the key elements of strategy and any patterns and/or possible contingencies in the non-profit organisations studied.

The first section of this paper presents our research model based on a review of current literature in the non-profit strategy domain as well as the current paradigms in mainstream strategy literature. This section concludes with the key research questions and the methodology used. The second section reports on the main findings of our research into Irish non-profit housing organisation strategy and compares these findings with existing theory. The implications for theory in relation to strategy in non-profit organisations are summarised in the final section, along with implications for practitioners and policy makers as appropriate.

RESEARCH MODEL AND METHODOLOGY

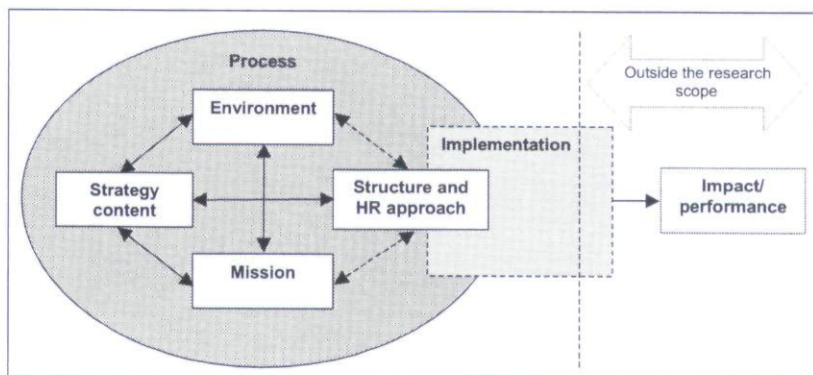
Stone et al. (1999) proposed a range of analytic categories for describing strategy in non-profit organisations based on their analysis of 65 empirically based journal articles relating to non-profit strategy. Courtney (2001) investigated strategy research and practice among non-profits in Ireland and England and proposed that the 'new pragmatic approach' (Nohria and Berkley, 1994) to strategic management was much more in tune with the culture and values of the non-profit sector than the classic planning approach that informs much of the research (and practice) discussed in Stone et al. (1999). Based on these two sources we determined that the relevant questions for an analysis of non-profit strategy are:

- 1 What are the choices that organisations make that could be considered 'strategic'?
- 2 What are the factors that determine which strategic choices are made by organisations?

Stone et al. (1999) proposed that the answer(s) to the first question could be grouped under the categories of *strategy formulation*, *content* and *implementation*,

while the second question relates to *strategy determinants*. Courtney (2001) suggests that the principal elements of strategic management in non-profits include: environmental analysis (both internal and external), mission, vision, values, long-term aims, strategic priorities, strategic choices, performance indicators and implementation (resource implications, monitoring, operational plans, motivation, structure). These two articles informed our development of our model of strategy dimensions in non-profits as illustrated in Figure 8.1.

Figure 8.1: Model of Strategy Dimensions for Non-Profits



A review of Hambrick and Fredrickson's (2001) model of strategy suggests that our non-profit strategy model is similar to current models in the private sector. The major difference, at least at this level of analysis, is greater complexity in defining the nature of performance in the non-profit sector literature and the inclusion of process as a key strategy element. With regard to defining the nature of performance, Kanter and Summers (1994: 220) argue that financial measures are 'a good test of both market-need satisfaction and the capacity of the organisation to run itself efficiently', but that non-profits defined themselves 'not around their financial returns but around their mission, or the services they offer'. However, since little agreement about what constitutes non-profit performance exists in the literature (Stone 1999), we excluded questions relating to impact of strategy from our research.

Mintzberg et al. (1998), in examining how different researchers prioritise different aspects of strategy, identify that the dimension of 'strategy process' is of at least equal importance to the other dimensions of strategy approaches that were identified in the research on non-profit management. Whittington (2001) proposes strategy process as one of two dimensions (with one end of the process dimension representing the planned approach and the other end representing the emergent approach) required to differentiate between strategic approaches; the other dimension being the level of complexity of the organisation's performance outcomes (one of the dimensions represents a singularity of strategic objective and the other a plurality of objectives). We

therefore included the analytical category of strategic process into our research model of strategy in non-profit organisations. Note, however, that introducing process into the model is more complicated than simply adding another box to the diagram.

The elements of mission, strategy, environment and implementation are each affected by process and, in fact, organisations may choose to focus on any one of these in any order (Johnson and Scholes, 1999). Furthermore, the decision to address these other elements in a particular order, particularly if this becomes the organisation's ongoing pattern of strategy formulation is crucial to the description of the strategy process. Therefore, we propose, as illustrated, that the dimension of strategy process encompasses the other four dimensions. Having explained the choice of our five research dimensions in non-profit strategy, we now proceed to the specific question(s) that need to be addressed within each dimension.

Mission

Of the various models used to describe mission, we found Campbell and Yeung's Ashridge Mission Model (1998) to be the most practical in that it helps identify a variety of issues that organisations may associate with their mission. This model contains four elements for a mission statement: purpose, values, behaviour standards and strategy. The one shortcoming we see with the model is the inclusion of 'strategy'. Its inclusion here is at odds with other writings in strategy as it overlaps with what others regard as strategy content that is separate from mission (Courtney, 2001; Johnson and Scholes, 1999; de Wit and Meyer, 1998).

Strategy (Content)

To avoid confusion between our research model and other authors' work, when we refer to strategy in our model, we are referring to those decisions about the course(s) of action needed to fulfil the organisation's mission and we refer to this dimension as *strategy content* within our model. There is a wide range of proposed elements for strategy content in the literature. Johnson and Scholes (1999) propose that there are six generic decisions that must be taken by the organisation: protect/build on current position, withdrawal, consolidation, new service development, market development and diversification. Hambrick and Fredrickson (2001) offer a framework for strategy formulation that asks a number of key questions under the headings of arenas, vehicles, impactors/differentiators, staging and economic or policy logic. Whittington (2001) claims that leadership decisions, the decision-making process, growth strategy and implementation approach are the central problems in strategic management.

Furthermore, in the non-profit strategy literature (Stone et al., 1999), and increasingly in the mainstream strategy literature (Contractor and Lorange, 2002), a key question that organisations have to decide on is whether they should compete or cooperate with other organisations in their sector. A coop-

erative (network) strategy is one where an organisation works closely with its suppliers on a common production strategy, builds up a long-term partnership with its customers and gets involved in joint-ventures with competitors for a number of purposes such as research and development. The relationships in a network or cooperative strategy can range from occasional collaboration to virtual integration. A competitive ('go-it-alone') strategy is one where an organisation shops around for the best deal among potential suppliers, avoids becoming a captive supplier and results in an organisation carrying out its own research and development. Competitive strategies can range from open warfare to general strain and tension (de Wit and Meyer, 1998). Determining which amongst this range of decisions are most germane to non-profit organisations in our study is a major component of the research.

Implementation (Structure and HR Approach)

In the literature, the elements of implementation range across a very large set of decisions. Courtney (2001) includes organisational structure, operational plans, resource implications and monitoring approach in his list, while the research in Stone et al. (1999) addresses an even broader span of topics. Mintzberg et al.'s (1998) Configuration School suggests that there are four elements that should be addressed: organisational culture, organisational structure, systems and human resource management. Organisational structure – and/or key components of structure – appears in most of the strategy literature as a central element to be addressed as part of an organisation's strategy approach. It is understood that, although the choice of organisational structure will not necessarily lead to strategic success, an inappropriate structure will obstruct it (Johnson and Scholes, 1999). Grant (1998) suggests that the management of an organisation's human resources should be a strategic concern of senior management. We have therefore chosen to focus on structure and HR strategy as the main elements to be explored under the dimension of implementation.

Environment

In analysing strategy, the environment is generally divided into its internal and external aspects. An internal environmental analysis involves examination of strengths and weaknesses, resources available to the organisation, organisational structure and processes, and culture (including routines, symbols, power structures and control systems). The resourced-based approach to strategic management has been influential in environmental analysis in both non-profit and for-profit organisations since the beginning of the 1990s. The premise of this approach is that each organisation is a unique cluster of resources and capabilities (Pfeffer and Salancik, 1978). The type of resources included are financial, physical, human, technological, reputation and organisational. Intangible resources and people-based skills are regarded as probably the most strategically important resources of the firm (Grant, 1998).

External environmental analysis involves examination of opportunities and threats, competitive stance, political, economic, social and technological influ-

ences, and relations with stakeholders among others. Tools used to assist in external analysis include PEST, Porter's Five Forces, scenario planning and stakeholder mapping. For this research we included both the internal and external environment in analysing the environmental factors relevant to the strategic decision making for non-profit organisations.

Process

In developing our framework, we have referred to the prominence that Whittington and Mintzberg give to process in strategy formation. In terms of the strategy development process, Whittington (2001) and Mintzberg et al. (1998) suggest that there are two broad perspectives: planned and incremental/emergent. In the planned perspective the emphasis is on intentionally designed strategy, discovery by analysis, formal and comprehensive structures for arriving at strategy, a linear process between deciding and acting, hierarchical decision making and programmed, top-down implementation. In the incremental/emergent perspective, the emphasis is on gradually shaped strategy, discovery by finding out, informal and fragmented formation processes, intertwined decision making and acting, wide involvement in decision making, and implementation influenced by learning and cultural and cognitive shifts. Our research question in this dimension of strategy addresses which strategic decisions are made deliberately and which strategic decisions emerge as a series of incremental steps.

Research Methodology

For the purposes of this paper, we selected one key research question for each dimension to be addressed in our empirical research into Irish non-profit housing organisations (Figure 8.2).

Figure 8.2: Research Questions

<p>Mission: How are the missions of non-profit organisations defined and how does mission relate to the other elements of strategy?</p> <p>Strategy content: What are the key decisions that make up strategy 'content' for non-profits?</p> <p>Structure and HR approach: What decisions, related to organisational structure, have strategic implications for non-profits?</p> <p>Environment: What factors in the internal and external environment(s) do non-profits take into account in formulating strategy?</p> <p>Process: Which strategic decisions are made deliberately and which are more emergent in nature among non-profits?</p>

The questions were developed in order to classify elements of strategy as well as identify relationships amongst the elements and/or particular choices that were made. To address these research questions we designed case studies of non-profit organisations following the recommendations of Eisenhardt (1989)

and Pettigrew (1997). We selected case studies based on a profiling exercise of non-profit organisations in the two jurisdictions that was performed as part of a study by Mullins et al. (2003). This profiling constructed a sample of organisations that reflected the diversity within the sectors as well as being reasonably representative of the demographic profile for each sector as a whole. Twenty-five cases were selected, ten from NI and fifteen from the ROI. Cases were constructed based on interviews with managing directors and, in some cases, additional interviews with other board members and/or staff members. Interviewees were asked to discuss and describe the goals of the organisation, issues facing the organisation including barriers to achieving objectives, recent strategic decisions and the process for, and participants in, decision making.

Providing a second data point around strategy elements in each organisation, as well as addressing the need for longitudinal data around process, interviewees were asked to describe anticipated future decisions and follow-up interviews were conducted six to twelve months later to determine if and how these decisions had been addressed. Finally, documents relating to the strategy and background of the organisations were collected and used to provide further context and more detail around the strategy elements of interest.

Multiple interviewers were employed, using a semi-structured interview protocol that was developed to address a broad range of organisational issues – including but not limited to strategic decision making. Once the case studies were written up, summaries were developed for review by the research team and broad themes, similarities and differences highlighted and discussed. The specific analyses for the purposes of answering the research questions posed in this article were performed by one of the authors of this paper, who was also a member of the research team in the Mullins et al. (2003) study.

RESEARCH FINDINGS

Mission

Generally, mission statements of non-profit organisations are defined at their inception to address a social need that founders believe they are in a position to address. It is usually defined by a group of people, often led by a social entrepreneur, who then become founding board members of the organisation. Sometimes these founding members are part of an existing non-profit (or in fact a public or even private) organisation that provides the initial resources for the start-up. From our research, we observed that the mission, strategy and structure of the new organisation are then modelled on the organisation with which the founders are familiar. While there were several interviewees that suggested that government funding and policy were contributing factors in the decision to establish the organisation, it would be misleading to suggest that the missions of these organisations were in some way defined by government. In fact, of the three elements of mission we described, only one (purpose) was mentioned as being shaped by government intervention through funding and

regulatory policies. Of course, this is a crucial element of mission and no doubt this relationship between government policy and organisational purpose helps to shape the perception of 'steering' by government in some non-profit areas of activity (Mullins et al., 2003).

The original mission, no matter how far back in the mists of time it was established, was quite influential during the period in which we conducted our interviews. In fact, it would not be an exaggeration to say that, for many of the organisations, changing the original mission – and in particular the purpose and values – of the organisation was tantamount to considering dissolving the organisation. This is a crucial difference between non-profit organisations and private firms. Where private sector firms are theoretically and practically willing and able to change elements of their mission to create shareholder value, there is rarely an overriding objective of this sort to challenge the primacy of the mission of the non-profit organisations.

Of course, it is the case that non-profit organisations, whose funding is largely sourced from the government, will have similar mission challenges when government policy changes and/or when funding for those activities that support the organisation's mission is no longer available. In fact, an even subtler mission issue arises when funding becomes available for activities that are somewhat related to the organisation's mission, but that would redirect efforts into areas that were not originally considered. This was certainly the case in several of the organisations in our study when government funding became available for general needs and affordable housing, both of which were considered incompatible with their organisations' original mission by some board members. In fact, we found that the expansion of funding and other support by government for non-profit housing organisations in the ROI gave rise to debates around mission in that jurisdiction.

Strategy Content

The decision about what sort of decisions were strategic or not was left to the interviewees to make, although a definition of 'strategic decision' was provided on request. This definition was '[a decision] which is recognised as having significant implications for the structure, direction or purpose of an organisation'. However, it was rarely necessary to use this definition, as senior managers generally made their own decisions as to what was strategic. In our sample of twenty-five organisations, there were four types of decision that the senior managers considered 'strategic':

- 1 The appropriate *size* of the organisation and whether to expand/maintain/contract,
- 2 The *type* of organisational activity,
- 3 Whether to *compete or cooperate* with other organisations that were active in the same domain of operation,
- 4 The *implications of any change* on the organisational mission.

Size

All but one of the organisations in our study saw their choice as being between growing in terms of numbers of dwellings under management and staying the size that they were. An analysis of the research showed that the majority of organisations were planning to grow. This growth 'imperative' may have been due to the perception that the resource environment at the time (i.e. government funding and support) encouraged growth, but it did not appear that there had ever been a time when the organisations had actively considered contracting.

Type of activity

Decisions relating to the type of housing services to provide (i.e. the target tenant groups and the range of services to provide) were constrained by the funding opportunities made available by the government schemes in both jurisdictions. Senior managers saw their choices as clearly circumscribed by funding legislation, as no viable alternative for funding existed in either jurisdiction. The choice that a given organisation might make within the options presented by the funding legislation was further defined by organisational purpose – which was generally understood to arise out of the identification of some unmet need in the community served by the organisation.

However, the process of detailed need identification was different in the two jurisdictions. Organisations in NI generally relied on the government entity charged with social housing responsibility (the Northern Ireland Housing Executive in recent history) to identify local housing requirements, to which the non-profit organisations could choose to respond. Organisations in the ROI were more likely to define the needs of whatever community they were targeting themselves and occasionally were in conflict either with local government or national funding priorities in pursuing their mission(s).

To compete or cooperate

Similarly to the type of activities decision, the question of competing was also linked to organisational mission in non-profit organisations. If the organisation defined itself as in the 'business' of providing social housing, then competing – for land, funding or staff – was seen as a viable strategy. If the organisation saw its mission as fulfilling a social purpose, then competing with other organisations that had the same purpose was generally rejected, if it was perceived as an option at all. A rich discussion of how organisations in each jurisdiction perceived the trade-off (or indeed, complementarity) between 'business efficiency' and 'social purpose' may be found in Mullins et al. (2003).

The effect of strategy content decisions on mission

As noted above, the mission of the non-profit organisations framed in some fundamental way decisions about other strategic elements. Reflecting on purpose was most often connected to decisions around what activities to pursue and whether or not to compete with other non-profit organisations. Decisions

about staffing (see below) were often connected to values and/or behavioural standards. To the extent a given strategic choice was perceived to conflict with mission elements, it was hotly debated and often rejected no matter how compelling other factors were in favour of the choice under consideration.

Structure and HR Approach

In response to our question about key strategic decisions, taken or anticipated, interviewees were equally likely to give examples of decisions that relate to our category of *structure* as they were to address *strategic content* decisions. Structural decisions that interviewees considered strategic included:

- 1 The appropriate organisational structure and how to *configure* the decision-making 'system' (who to involve, in what sort of decisions, applying what sort of decision-processes);
- 2 The level and type of human resources required to achieve the objectives of the organisation;
- 3 Where and how to acquire other key resources including finance, land, professional expertise and organisational legitimacy.

Within the *configuration* decision category there were three main issues occupying the management teams of the organisations studied. These were a) the balance between decentralised and centralised decision making, b) whether to perform all organisational activities in-house or to link up with other organisations and c) the balance of role/responsibility between the chief executive and the board of directors. We noted that, although many of the organisations were undergoing significant redesign of functional and/or geographic roles, it was not generally the case that this sort of decision was considered 'strategic'.

The last two decision categories suggest that the management of human resources (HR) occupies a significant amount of senior management's time and is seen as a core strategic resource of non-profit organisations – of equal or even greater importance than land or capital. Given that the research was conducted in housing organisations, this is a relatively surprising finding.

We further noted that, while senior managers in both jurisdictions were concerned with the configuration questions in organisational structure, senior management in the ROI were more likely to be concerned with HR concerns than their counterparts in NI.

Environment

As discussed earlier, the strategic dimension of environment encompasses both the external and internal environment of the organisation. In relation to the external environment, the factors impacting on non-profit decision making most were: 1) availability of resources (capital, land, labour), 2) the level of housing demand generally, 3) the degree to which government policy facilitated or inhibited their activities and 4) the rate of change and the level of uncertainty about the direction of change of any of the previous three elements.

Supporting Mullins et al. (2003), it was clear from our study that organisations in NI were more likely to mention external issues as major factors in their strategic decision making than those in the ROI. Mullins et al. suggest that this is due to the higher degree of uncertainty in the environment as well as a more restrictive regulatory environment and less overall demand for services.

In relation to the internal environment we found that there were four factors of importance. The first element was leadership, including the skill capacity of the leader(s) in the organisation and the impact of a transition of leadership on the organisation. We also noted that a change in leadership is often part of a significant change in strategic direction (i.e. new choices in the strategy content dimension), but can also create the pressure for change to the mission, in particular the behavioural standards of the organisation.

The second element of the internal environment dimension was organisational capacity generally. In particular, there were observations about significant skill gaps and/or capacity, as well as concerns about the ability of the organisation to coordinate activities and/or maintain controls as the organisation expanded. We noted that organisations in the ROI were more likely to highlight issues under this second element, while leadership came up as an issue more often in NI.

A third 'internal' factor was the existence (or not) and quality of relationships with other organisations. A number of housing organisations specifically identified their linkages to other organisations as enabling their activities, including links to other non-profit organisations, the housing associations in each jurisdiction, local authorities (in the ROI only) and other government entities. Further evidence supporting the importance of networks was that several organisations felt they were not sufficiently networked and that this inhibited their ability to achieve their objectives.

Several of our cases identified the network of non-profit organisations as a whole – often referred to as the 'sector' – as an important environmental consideration. Whether the sector was deemed to be influential over government policy or had significant legitimacy in the eyes of the community (local/national depending on the positioning of the organisation) were important barriers/enablers to the activity of the individual organisations we studied. This fourth factor is neither an internal nor an external factor, as it is neither specific to one organisation nor outside the control of the group of non-profits that make up the sector. Where the sector 'fits' in the formulation of non-profit strategy is a topic worthy of more focused research efforts.

Process

Our research question under the *process* dimension was to discover which strategic decisions were made deliberately within the organisations we studied and which appeared to be more 'emergent'. Across nearly all of the organisations, decisions relating to growth and the types of tenant to be addressed were made deliberately. The purpose(s) of the organisation(s) also appeared to be based on

a deliberate decision; we surmised this based upon observed deliberate decisions about whether or not to modify purpose in order to pursue new options in other strategic areas. To a lesser extent, but still in a majority of organisations, decisions relating to structural elements were also deliberate. Finally, there were more likely to be deliberate decisions in relation to lines of authority and accountability in NI organisations than in the ROI organisations.

Strategic elements that appeared to be more emergent, i.e. did not appear generally in descriptions of strategic decisions, included decisions related to a) competing v cooperating, b) acquisition of capital/land for development, c) development of new services for target tenant groups and d) establishing ongoing relationships with other organisations for the purpose of delivering services, influencing policy, bidding for funding and so on. However, there were a few organisations, primarily in NI, that did make these types of decision as part of a deliberate strategy.

Two observations arise from our examination of this strategy dimension. The first is that the strategy process differs depending on the environment – in this case the jurisdiction in which the organisations operate. The second is that process varies depending upon the particular strategy decision under consideration. In relation to the first observation it appears that the NI ‘environment’ is conducive to a more deliberate approach to strategy, while organisations in the ROI seem to favour a more emergent approach. The first pairing of environment and process is consistent with a ‘systemic’ approach to strategy as described by Whittington (2001), while the data suggest that housing organisations in the ROI are more ‘processual’ (Whittington, 2001).

CONCLUSION

This paper makes two specific contributions to non-profit strategy theory. The first contribution is the proposal of a coherent framework for researching non-profit strategy approaches that was informed by both recent literature and current practice in the Irish non-profit housing sector(s). This framework is presented in Figure 8.1. Interactions between the various elements of strategy were identified and evidence of a strong emphasis on mission and HR strategy in non-profits was presented.

The second contribution centres on the research findings and is the identification of two contingencies that exist in the Irish non-profit housing sector(s). The first of these was discussed above in the *process* section, namely that the highly regulated, more predictable and highly concentrated environment for non-profit housing organisations in NI appears to be consistent with a more deliberate approach to strategy. This finding is consistent with Whittington’s (2001) category of ‘systemic’ strategy formulation. Furthermore, the fact that external environmental factors tend to play a larger role in NI strategy formulation than in the ROI and the close connection between the governmental agency defining NI housing need and the NI organisations is consistent

with Whittington's systemic category. In comparison, in the ROI, the characteristics of looser networks, more emergent strategy formulation and internal focus may be associated with Whittington's 'processual' approach to strategy. Further research into the implications of these different approaches to non-profit strategy formulation is recommended.

The second contingency relates to the strategic choices of firms adopting a high growth strategy. Our findings confirm that organisations adopting a high growth strategy tended to be in the ROI and were also more focused on the structure and mission dimensions of strategy. Organisations in NI were more likely to be concerned with decisions/issues in the strategy content and environment dimensions, and tended to be pursuing more moderate growth strategies. Furthermore, Mullins et al. (2003) suggested that organisations in NI were more pessimistic about growth opportunities than those in the ROI. There was insufficient data to determine whether it was the environment or the choice of high growth that led to this difference in focus in other elements of strategy, but it may indicate a relationship between high growth, structure and mission dimensions and a similar connection between moderate growth, strategy content and environmental dimensions. Again, this particular contingency is worthy of more focused research.

Implications

What are the implications for practitioners and public policy makers of the research to date? Firstly, if different strategic approaches are appropriate in different contexts as suggested by Whittington (2001) and our data, then policy makers, as well as sector associations, need to be cognizant of the possibilities and limitations that environments create for the formulation of strategy and develop policy that is mindful of this fact. Non-profit managers should consider their own organisation's approach to strategy to determine if their approach is more or less likely to fit with their environment and/or the achievement of their objectives.

Furthermore, if it is the case that organisations adopting high growth strategies should focus on structure and mission dimensions, while those adopting low growth strategies should focus on other strategic content areas (for example types of activities and compete/cooperate decisions) and the impact of environmental factors, then senior managers benefit from a useful aide in prioritising the strategic agenda of their organisation. Whether these patterns are more or less successful over time is impossible to say from the data, but further research could look at the performance outcomes of firms following these patterns.

Finally, both practitioners and public policy makers need to recognise the importance of developing the human resource capacity in the non-profit sector. Effective policy and adoption of best practices in this crucial resource area are likely to have the greatest impact on the performance of the sector – even more so than providing additional land and capital.

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