

To facilitate an understanding of the research setting for the Thesis, as well as providing clarification of the specific nature and meaning of the three constructs involved in the Thesis – education and training, strategic planning, and organisational performance, this Chapter is essentially one of definition and explanation. Clarification of all these aspects and therefore the fundamental nature of the research questions (see p.14) will provide a solid foundation and understanding on which to base the literature review and methodology – Chapters 3 and 4.

This Chapter will not only discuss the three constructs, as well as the disability sector and what managers and management mean for the purposes of this research, but do so in the context of the disability sector. In the process, the idiosyncratic characteristics of the sector will become apparent, characteristics which will be specifically discussed in the literature review (Chapter 3), and will become more important in the results and conclusions Chapters of the Thesis.

In the literature, all of the three constructs are subject to ambiguity and misuse. To clarify the terminology, the concept of definitions at this point is both from the point of view of constitutive or operational definitions (Davis & Cosenza, 1993), and dictionary definitions, where the intention is to review the consistency of, or state the precise nature or meaning of, key terms and concepts (Oxford English Dictionary, 1989).

Emory & Cooper (1991, p.53) support this need for concise definitions:

If words have different meanings to the parties involved, then they are not communicating on the same wavelength. Definitions are one way to reduce this danger.

Further, Walizer & Wienir (1978, p.31) state that scientists

... go overboard to specify definitions to the point where they can be assured that if others know their definitions, there will be no question as to what is included in the concept [being defined] and what is excluded.

The topics in this Chapter commence with an overview of the disability sector and the nature of the organisations in the sector, before examining the nature of managers and management, education and training, organisational performance, and strategic planning.

1 THE DISABILITY SECTOR

The disability sector is part of a broader group of organisations, generally referred to by the Industry Commission (1994) as Community Social Welfare Organisations (CSWOs). This broader group provides care, accommodation, support and counselling or training to children, families, people with a disability, older people, the unemployed, those suffering addictions, the homeless, refugees, and members of ethnic communities. For the purposes of its 1994 Report into charitable institutions, the Industry Commission defined such organisations as:

non-government establishments, organisations, associations or trusts that are primarily established otherwise than for the purpose of profit or benefit to the individual members of the organisations, and the principal objects or purposes of which are charitable or benevolent, and which provide any of the following:

- (i) welfare services, including income support and the provision of clothing, goods and food;
- (ii) community services, such as care in people's homes or community centres provided to frail older people, younger people with a disability, and those requiring post acute or palliative care;
- (iii) accommodation services, such as emergency shelters and hostels, and homes for children, frail older people, or people with disabilities;
- (iv) nursing or convalescent homes, drug referral and rehabilitation, and blood transfusion services;
- (v) employment and training services for the unemployed and people with disabilities;
- (vi) advocacy, referral, counselling, and legal services; and
- (vii) emergency and development assistance overseas (p.42)

CSWOs operate in a mixed economy of social welfare, together with government agencies and for-profit firms. Each organisation type operates in different ways with different objectives, priorities and strengths. CSWOs currently deliver their services principally within a framework of social justice principles.

CSWOs have traditionally embraced the values of philanthropy, voluntarism, and independence (Green & Griesinger, 1996), with management serving as the organisation's collective conscience (Jeavons, 1994). As previously stated (p.5), in recent years the sector (including disability-based organisations) has evolved. Shrinking economic resources and a shift in responsibility from government to the not-for-profit sector has created a more competitive climate among not-for-profit organisations (Salamon, 1985, 1989). Not-for-profit firms now compete with one another for donations, membership, and clients (Steinberg, 1987).

The disability sector of CSWOs covers a diverse range of service organisations that provide a comprehensive range of services in meeting their

obligations towards people with a disability. Examples of such services include:

- supported employment or small business services;
- sheltered workshops and vocationally focussed Activity Therapy Centres and training services;
- open labour market support services;
- advocacy services;
- print disability services;
- accommodation support services;
- respite services;
- independent living training services;
- recreation services; and
- other initiatives to improve the independence of people with a disability.

The first three service types are the major employers in the sector, although many agencies provide a wide range of the above services in their organisational portfolio. This research encompasses the complete population of all disability-based organisational types in Victoria and Tasmania.

Supported employment or small business services such as mobile work crews or enclaves differ from open market labour market services in that they employ people or groups of people with a disability in specialist working environments, and provide continuing support. Such services are intended to provide work for people who have a higher support need, and may find it difficult to find and keep a job in the general work force. The work provided also tends to be that for which a full or productivity based award wage is payable.

Sheltered employment services are those that existed before the *Disability Services Act 1986* to provide work and activities specifically for people with a disability. They include sheltered workshops, vocationally focussed Activity Therapy Centres, and training services introduced in 1980 to prepare young people aged 18-21 with a disability for work.

Open labour market support services enable people with a disability to find, compete for, train for, and keep employment in the open labour market, principally through Competitive Employment Training and Placement (CETP) services and Individual Supported Jobs (ISJ's).

These three service types are typical of government-sponsored disability programs in many industrialised countries, for example New Zealand (Biggs, Humphries & Flett, 1998), the United Kingdom (Block & Duffy, 1998), the United States of America (Block & Duffy, 1998; Zivolich, Shueman & Weiner, 1997), Spain (Verdugo, Borja, de-Urries, Bellver & Martinez, 1998), and Japan (Yaeda, 1998).

Such services that are sponsored by governments form an important component of social policies (Haveman, Halberstadt, & Burkhauser, 1984), policies which have many favourable wage and economic outcomes and may,

in some instances, for example supported employment in the United States, result in more than triple the wages of those in segregated settings (Mank, O'Neill & Jensen, 1998).

Nevertheless, understanding the multidimensional nature of supported employment outcomes has been a limiting factor in investigating supported employment outcomes. Up until 1994, evaluation studies in supported employment had investigated outcomes from a narrow and often singular perspective, such as postplacement earnings, attained levels of physical and social integration, or improvements in quality of life among program participants (Johnson & Lewis, 1994). The differentiation and philosophical change in mindset from sheltered employment to supported employment (the first two service categories listed on the previous page), is a contentious one as far as outcomes are concerned. For example, issues related to the quality of supported employment placements exist (Mank et al., 1998), and Mank, Buckley & Rhodes advocated the development of more effective methods of job creation, while Zivolich et al. (1997) identified fiscal concerns. Murphy & Rogan (1995) outlined the respective arguments for the two service types, and described in detail case studies of conversions from sheltered workshops to mainstream, integrated employment, before concluding with a question as to why workshops and day activity programs remain so pervasive. The growing dissatisfaction with segregation was also identified by Mank (1994), as well as Callahan & Garner (1997).

The debate regarding sheltered employment and supported employment is symptomatic of a changing world for disability-based organisations as discussed in Chapter 1. The social and economic trends generally affecting quality in service industries are also evident in the provision of services and supports to people with disabilities (Gardner, 1999a) as described in Chapter 1. Human services are being challenged to provide quality services within the context of two powerful, potentially conflicting forces: person-centred values and economic-based restructured services (Schalock, 1999), and consequently many organisations are developing quality strategies (e.g. Block & Duffy, 1998). It seems clear that (disability-based) organisations that do not change in response to a changing world are vulnerable (Campanella, 1999), but even when there appears to be no external pressure to change, internally induced change can have a positive effect in creating and adding value to disability-based services (Donaldson, 1999), thereby benefiting stakeholders.

One of the key stakeholders in the Australian disability sector is Government. Since 1908 when it introduced the invalid pension (currently the Disability Support Pension and the Sickness Allowance administered under the auspices of the *Social Security Act 1991*), the Commonwealth government has been involved in providing funding for people with a disability.

The current Act states that its objects are to assist people with a disability to:

- fully participate and be integrated as members of the community; and
- achieve increased independence, employment opportunities and self esteem (Disability Services Act 1986 (Cwlth)).

In accordance with the provisions of the *Disability Services Act 1986* (the Act), funding for support services for people with a disability has been provided by the Commonwealth through the Department of Human Services and Health.

The Act was amended in 1992 to introduce service standards for services funded under the Act, as part of a commitment to improving the quality of services available to people with a disability. Given this commitment, the standards outline procedures service providers should follow to achieve certain outcomes for clients, and to show service providers how to implement the principles and objectives of the Act.

The Department of Health, Housing, Local Government and Community Services (1993) sees the role of service standards as:

- empowering consumers by clearly defining what standards they should expect when accessing disability services;
- provide a basis for service providers and consumers to jointly improve service quality;
- assisting service providers to meet the Principles and Objectives of Commonwealth Disability Acts by clearly defining what is expected of them in terms of minimum service quality;
- assisting prospective service providers by defining what is expected of services to be eligible for funding;
- providing a means of satisfying government accountability requirements.

In the main, agencies self-assess themselves against the standards but may be audited by departmental officers every five years. Performance is therefore measured against the degree to which the requirements of the applicable standards are met. Many agencies have gone further than merely operating according to the standards, by adopting for example quality assurance programs and strategic planning processes and systems.

This research will incorporate informal and confidential external assessments by the Commonwealth Department of Health and Family Services. These external assessments are based on the degree to which the requirements of the applicable standards are met, and will be used as an independent validation of the organisational performance measures used in the study.

In relation to the States, the enabling legislation is the Commonwealth/State Disability Agreement (the CSDA, 1991) which came into effect progressively during 1992 and 1993. In this agreement, the responsibilities of the Commonwealth and States and Territories are clarified.

The States have responsibility for administering, amongst other things, accommodation support, respite, independent living training, recreation and other similar services.

Individual organisations in the sector tend to fall into the not-for-profit, service category, and are small in size (i.e. less than 20 employees, Australian Bureau of Statistics, 1998). The for-profit small business sector in Australia comprises about 97 per cent of businesses, employs 49 per cent of the working population, generates 32 per cent of sales of goods and services, and creates some 31 per cent of operating profits before tax (Australian Bureau of Statistics, 1996).

The service-based, small business, not-for-profit characteristic is important in this Thesis because there are inherent features in such organisations which will assist in understanding their internal functioning, in much the same way as the Carlson (in Hoy & Miskel, 1987), Mills and Margulis (1980), and Parsons (1960), typologies. There are also many features peculiar to such organisations that are either non-existent or not as prevalent in their large, for-profit manufacturing counterparts.

The not-for-profit sector itself is a vast and complicated sector, which has many distinctive characteristics (Lewis & Waddell, 1998). There are around 11,000 not-for-profit organisations in Australia receiving \$2.7 billion dollars of government funding with a combined 1993-94 annual expenditure of \$4.8 billion dollars (Industry Commission, 1994). Not-for-profit organisations in Australia employ about 10 per cent of private sector employees, and are the dominant form of organisation in four industries: social services, sport and recreation, interest groups, and religious institutions (Lyons, 1998).

Disability-based organisations and other not-for-profit agencies are different from conventional profit-making organisations in that there are a number of generic characteristics that constrain their behaviour and affect their strategic management (Anthony & Young, 1994; Drucker, 1996; Montana, 1994; Weisbrod, 1988; Wheelen & Hunger, 1992). These generic characteristics are:

- (i) Organisations such as disability-based organisations and educational institutions typically provide a service as distinct from a product. Consequently, service is often intangible and hard to measure. This difficulty is typically compounded by the existence of multiple service objectives developed in order to satisfy multiple sponsors such as governments, employers, parents and other stakeholders.
- (ii) Client influence (either employees with a disability on the employment side, or clients on the service side) may be weak. Often the organisation has a local monopoly, and payments by clients may be a very small source of funds.
- (iii) Strong employee commitment to professions (teaching or welfare) or to a cause may undermine their allegiance to the organisation employing them.

- (iv) Resource contributors - notably donations and government - may intrude upon the organisation's internal management.
- (v) Restraints on the use of rewards and punishments may result from characteristics (i), (iii), and (iv).

Other researchers cite additional characteristics. For example, Weisbrod (1988) referred to no-one having the right to share in any profit or surplus; being exempt from income tax on income; and having other various taxation exemptions. Anthony & Young (1994) referred to the way in which success is measured. In a for-profit company, decisions made by management are intended to increase or maintain profits and success is measured accordingly. In a not-for-profit organisation, the intention is to produce the best possible service with the available resources, and measured accordingly.

This is not to say that not-for-profit means no profit. Not-for-profit simply means that the excess of revenues over expenses go back into the organisation and are not distributed outside the organisation (Sandler & Hudson, 1998).

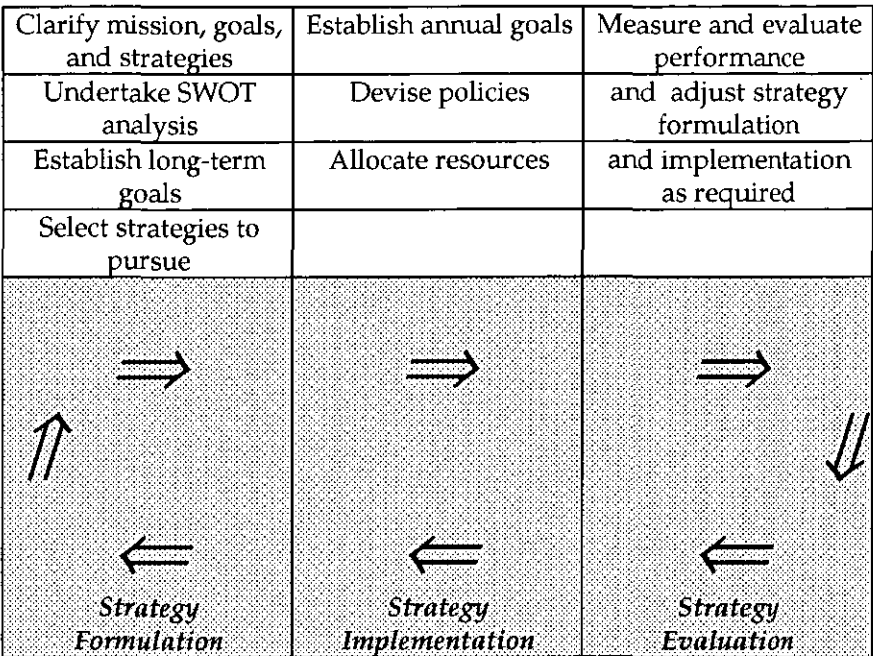
In addition to the above characteristics, Rogers (1978) cited the absence of clear pricing or market tests as an outside control; the monopolistic market situation of many agencies; the existence of complex and turbulent public sector 'politics'; and the short-term time horizons of many of the funding bodies.

The generic and additional characteristics described add more dynamic complexity (Senge, 1990) to the strategic planning function of a manager of a not-for-profit organisation. This dynamic complexity affects the strategic planning process overall, but affects strategy formulation, the first stage of the strategic planning process (Figure 8), in at least four ways (Wheelen & Hunger, 1992).

Firstly, *goal conflicts interfere with rational planning*. Because the not-for-profit organisation typically lacks a clear-cut performance criterion (such as profits), divergent goals and objectives are likely. This divergence is especially likely if there are multiple sponsors. Differences in the concerns of the various important sponsors can prevent top management from stating the organisation's mission in anything but very broad terms. Montanari (1990) referred to this divergence as a primary reason to vary the traditional SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis, to SWAA (Strengths, Weaknesses, Advocates, Adversaries).

The implications of this characteristic for this research may be profound, given that research question 2 seeks to explore the impact of education and training levels of top management teams on strategic planning processes and practices.

Figure 8 *Basic Strategic Planning Model*



Adapted from David (1995).

Secondly, an *integrated planning focus tends to shift from results to resources*. Because not-for-profit organisations tend to provide services that are hard to measure, they rarely have a net ‘bottom line’. Planning, therefore, becomes more concerned with resource inputs, which can easily be measured, than with service output, which cannot. How much ‘added value’ is there in a person with a disability who has been trained in life skills or a student who graduates? Probably the cost of their training. Goal displacement therefore, becomes even more likely than it is in for-profit organisations. A multidimensional measure of organisational performance (see p.10) may in part overcome this characteristic.

Thirdly, *ambiguous operating objectives create opportunities for internal politics and goal displacement*. The combination of vague objectives and a heavy concern with resources allows managers considerable leeway in their activities. In addition, because effectiveness of the not-for-profit organisation basically hinges on the satisfaction of the sponsoring group(s), there is a tendency for management to ignore or downplay the needs of the client while focusing on the needs of the sponsor. Take tertiary education as an example where meeting the ‘needs’ of students (customers) may not be as important as meeting the ‘needs’ of government, the major funding body. Many predominantly government-funded organisations face this dilemma. The ‘balancing act’ becomes extremely difficult here for disability agencies because of the nature of their operations.

This problem is often compounded by the fact that boards of directors of disability-based organisations are often selected not on the basis of their managerial expertise, but on the basis of their ability to contribute money,

interest, sons and/or daughters as clients, raise funds, and work with politicians. Board members of not-for-profit organisations therefore often tend to ignore the task of determining strategies and policies, leaving this to the chief executive officer and the top management team.

Finally, *professionalisation simplifies planning but adds rigidity*. In those not-for-profit organisations in which professionals hold important roles (as in hospitals or schools), professional values and traditions can prevent the organisation from changing its conventional behaviour patterns to fit new service missions tuned to changing social needs. This rigidity can of course occur in any organisation that hires professionals. The strong service orientation of most not-for-profit organisations however tends to encourage the development of static professional norms and attitudes.

The generic and additional characteristics of disability-based organisations mentioned earlier also affect strategy implementation, the second stage of strategic planning (Wheelen & Hunger, 1992). These characteristics are that decentralisation is complicated; linking pins for external-internal integration become important; and job enlargement and executive development can be restrained by professionalism.

Decentralisation is complicated.

The difficulty of setting objectives for an intangible, hard to measure service mission complicates the delegation of decision-making authority. Important matters are therefore often centralised, and low-level managers are forced to wait until top management makes a decision. Strategic planning matters could be an example.

Because of the heavy dependence on sponsors for revenue support, the top management of a not-for-profit organisation must always be alert to the sponsor's view of organisational activity. This necessary caution can lead to 'defensive centralisation' in which top management retains all decision-making authority so that low-level managers cannot take any actions to which the sponsors may object. This is especially the case with many disability agencies.

Linking pins for external-internal integration become important.

Because of the heavy dependence on outside sponsors, a special need arises for people in 'buffer' roles to relate to both inside and outside groups. This role is especially necessary when the sponsors are diverse and the service is intangible with a broad mission, and multiple shifting objectives. For example, most if not all of the government-funded disability agencies have departmental project officers with whom they must liaise.

Job enlargement and executive development can be restrained by professionalism.

In organisations that employ a large number of professionals such as hospitals or schools, managers must design jobs that appeal to prevailing professional

norms. Professionals have rather clear ideas about which activities are, and which are not, within their province (Drucker, 1996).

There are also effects on evaluation and control in the strategic planning process (Wheelen & Hunger, 1992). Two special complications arise as to how behaviour is motivated and performance is controlled. Rewards and penalties often have little or no relation to performance. When desired results are vague and the judgement of success is subjective, predictable and impersonal feedback is difficult to establish.

The other is that inputs rather than outputs are heavily controlled. The emphasis is on setting maximum limits for costs and expenses. Because there is little or no reward for meeting these standards, people usually respond negatively to controls.

It is true that a number of these characteristics can be found in profit making as well as in not-for-profit organisations. Nevertheless, the frequency of strong impact is much higher in the latter type of organisation.

In generic terms then and for the purpose of this Thesis, non-profit, or not-for-profit may be defined as an organisation whose goal is something other than merely earning a profit for its owners (Anthony & Young, 1994). Even more simply, Drucker (1996) stated that such an organisation is one whose product is a changed human being, and as such, is particularly appropriate for this study.

This is not to say that earning a 'profit' is not a goal (and a desirable goal at that for welfare organisations – Goldsworthy, 1999b), but rather that, as stated on page 5, there is a requirement to balance the tension between the need for business services to pursue profitable business activities, while at the same time providing support services to consumers (Murnane, 1994).

As previously stated, the notion of providing a service (as distinct from a product) to people with a disability is also important in this Thesis. Most disability agencies in one form or another provide support services (e.g. vocational training and education, and life skills) to consumers (Murnane, 1994).

Many authors distinguish service businesses from other kinds of businesses based on the peculiar characteristics of services (Bateson, 1989; Buttle, 1989; Cowell, 1984; Gronroos, 1990; Lovelock, 1991; Lovelock & Yip, 1996). Many definitions and characteristics of a service have been developed, however there is general agreement among researchers that there are four key characteristics of a service which differentiate it from a product (Bateson, 1977; Berry, 1980; Burger, 1970; Chisnall, 1975; Fuchs, 1968; George, 1977; Gronroos, 1980; Gummesson, 1978; Hostage, 1975; Irons, 1994; Lovelock, 1981; Sasser, 1976; Shostack, 1977; Thomas, 1978; Zeithaml, Parasuraman & Berry, 1985).

These are:

1. A service offering is 'intangible', and does not possess a shape, form, or density such as a tangible product does. For example, a vocational education service as compared to computer hardware. According to Cowell (1984, p.20), the concept of the 'intangibility' of service products was first introduced by Adam Smith in the eighteenth century.
2. Most services are produced and consumed at the same time. A service generally cannot be inventoried such as a product can. For example, the filling out of a tax return versus the tax forms themselves, or the placement of a disabled person in open employment.
3. Because services by definition involve people, both provider and consumer, at the point of service delivery, there is the potential for high variability in the 'performance' (an unchallenged aspect in the literature – see Ward, 1993) of services, to the extent that it is nearly impossible to separate the actions and behaviours of employees from the perceived degree of excellence of the service (Moynihan, Perkins, Butschky, DeHaven, Gessel, Merriman, Merriman, Ricketts, Sampson, Warner, Warner & Whetzel, 1999). For example, the quality of service in a restaurant or by a teacher can vary from day-to-day, between teachers or restaurants, or from the same teacher. In part, this phenomenon arises because of the nature of a service being an 'act' while a good is an object (Baker, 1990; Berry, 1980; Gronroos, 1980; Jackson & Cooper, 1988; Kotler, 1991; Lovelock, 1983, 1991; Rathmell, 1966; Rushton & Carson, 1989; Shostack, 1981, 1987; Zeithaml et al., 1985).
4. Chairs not occupied in a classroom or restaurant cannot be reclaimed, nor can places in a respite centre. The opportunity to consume the service at that particular moment is lost forever.

All of the above authors' views are fundamentally contained in the definition of a service as put forth by Judd (1964). Although the references to enterprise and entrepreneur are, respectively, limiting and misleading, the definition does definitively state what services are not, while avoiding trying to classify what are the essential characteristics of a service (Ward, 1993).

Judd (1964, p.59) defined a service as:

A market transaction by an enterprise or an entrepreneur where the object of the market transaction is other than the transfer of ownership (and title, if any) of a tangible commodity.

A service firm therefore is an organisation or entity whose primary product offering is the performance of a service. This is to distinguish it from a firm whose primary offering is a tangible product. By this definition, a school is providing a service to students, in much the same way as many disability-based organisations are primarily providing a service to their consumers.

From another perspective, Drucker (1969) referred to service firms as 'knowledge industries' that process information. This is only one aspect of services however. By looking at services from an operational perspective, services can be distinguished according to whether they process people, for example many disability-based services; process possessions, for example car repair; or are information based, for example education, accounting, or entertainment. Bell & Wendell (1973) distinguished between manufacturing organisations as working on things, and service organisations as working on people. Because services work on people, communication and knowledge are viewed as key components, with information being seen as the 'raw material' of a service (Gummeson, 1978).

This people-processing characteristic is particularly relevant to this study, because such services require that customers themselves become part of the production process, which tends to be simultaneous with consumption, as mentioned previously. In much the same way as students are integral parts of the educational 'production' process, one important emphasis in disability-based organisations is very much on outcomes for clients and consumers (Callahan & Garner, 1997; Gardner, 1999a).

There have been many divergent efforts made to classify service firms with no readily accepted model (Bell, 1981; Berry, 1983; Brown & Fern, 1981; Chisnall, 1975; Enis & Roering, 1980; Gorchels, 1991; Gronroos, 1978; Judd, 1964; Levitt, 1980; Lovelock, 1983, 1991; Mathur, 1988; Mills & Margulis, 1980; Rathmell, 1966; Shanahan, 1985; Thomas, 1978).

These classifications primarily fall into two categories. The first subdivides the service product into two or more elements as advocated by Enis & Roering, (1980); Levitt, (1980); Nicoulaud (1989); and Rathmell, (1966). The second recognises both the service product and the service delivery as advocated by Gorchels, (1991); Gronroos, (1987); Johnson et al., (1986); Lovelock, (1991); Mathur, (1988); Onkvisit & Shaw, (1989); Shanahan, (1985); and Ward, (1993).

Chisnall (1975) appeared to be an outlier in that he classified service organisations as being of two types: (1) Commercial, and (2) Consumers. He was careful to note that these two classifications were not mutually exclusive, as was the case with the Judd (1964) categorisation. For this reason the classification is not cited very often.

A further typology of service organisations was developed by Mills and Margulis (1980). They classified service firms into three types, the third of which is relevant to this research:

1. Maintenance Interactive - Firms falling into this category are involved in cosmetic continuous interaction with the customer with a focal point of building trust. Banks, insurance companies and other financial institutions are examples of firms that fit into this category.
2. Task Interactive - Firms falling into this category are those involved in a concentrated interaction between the employee and the client. The focus is on varied techniques of problem solving. Engineering, accounting and advertising firms are examples of companies that fall under this classification.
3. Personal Interactive - Units falling into this group are involved with client/customer direct intrinsic and ultimate well-being. Examples which fall in this category are health institutions, disability-based organisations, and other social agencies.

For managers in the disability sector, the above distinctions are important because they serve to distinguish the precise nature of the service they are providing to clients and consumers of disability-based organisations.

However, Lovelock (1983) criticised the previous attempts to classify services because in his view they did not offer strategic insights for managers. Lovelock built on previous research by examining characteristics of services that transcend industry boundaries, and identified five classification schemes based on various characteristics of services - the nature of the service act; the type of relationship the service organisation has with its customers; the room for customisation and judgement on the part of the provider; the nature of demand and supply for the service; and the nature of the service delivery.

From the educational literature, Carlson (1964, in Hoy & Miskel, 1987) constructed a typology of service organisations that is based on client and organisational selectivity (see Table 3). That is, the degree to which clients and organisations can choose membership. Internal functioning of service organisations such as disability-based organisations will be affected by the degree of choice consumers or clients have over their own participation. From the organisational perspective, the degree to which controls over client selection are present will affect productivity and performance.

The Carlson typology is of relevance to this research because of the educational aspects of disability-based organisations. These primarily fall into the Type I category that is characterised by the organisation and the client deciding independently on client participation.

This freedom of choice is one of the key environmental factors facing disability-based organisations. Such organisations are operating in an environment where the government dollar is becoming scarcer and now comes with more stringent accountability and performance standards, and with market-driven policies (Murphy & Rogan, 1995; Schalock, 1999).

Clients must voluntarily participate or organisations will cease to exist. Performance based funding therefore necessitates an emphasis on service quality in accordance with the Disability Services Standards as previously discussed in this section.

Table 3 *Carlson typology of service organisations*

		Does the client have control over participation?	
		Yes	No
Does the organisation have control over selection of clients?	Yes	Type I	Type III
	No	Type II	Type IV

It should be noted that this emphasis on service quality in disability-based organisations is not limited to Australian-based organisations. In Japan for example, there is concern about whether Japan can improve the quality of its services through its vertical bureaucratic systems (Yaeda, 1998). And in the United States, the creation of the federal Medicaid Intermediate Care Facility in 1971 for persons with mental retardation required relevant institutions to comply with prevailing standards for institutional care (Lakin, Larson & Prouty, 1994). However, the creation of and adherence to such rules has been seen as the end-product, rather than the means, to assure quality in services for persons with developmental disabilities.

In view of the significant challenges to future quality assessment practices identified by Lakin, Larson & Prouty (1994), and the acknowledgment that effective change in services will only occur when high quality is rewarded (Conroy & Feinstein, 1990), Blunden’s (1988) view that quality of life should be the prevailing goal of service provision to people with disabilities is profound and unequivocal. Blunden’s (1988) view is not universal though, as can be seen in the debate concisely summarised by Gardner (1999a).

However, in the United States as in Australia, there are other stakeholders who have a valid entitlement to articulating agency goals including service providers (Dufresne, 1990), but particularly financial stakeholders, principally government (Chafee, 1990; Gant, 1990; Popp, Aman & Braun, 1999). As in the United States, the performance based funding approach in Australia (‘outcome-based monitoring’ in the United States) is based on consumer choice, the single most effective influence on quality (Lakin, Larson & Prouty, 1994).

Unfortunately, in both countries there are numerous marketplace impediments preventing completely rational choices when selecting a service provider. Fundamentally, these impediments may be linked to the assumptions of rationality (Robbins, Bergman, Stagg & Coulter, 2000). The end result is that there may be little or no consumer choice, effectively reducing or eliminating altogether the need for disability-based organisations to focus on the provision of quality services.

The changing times in which disability-based organisations are operating (for example see pages 2, 5, and 8) require that managers (and leaders – see next section), recognise the importance of ongoing change, especially in organisations concerned with quality (Campanella, 1999). As has been pointed out previously in this section, organisations that do not change are vulnerable, with subsequent effects on performance and effectiveness. This aspect of change is examined in this Thesis in the context of organisational adaptability and flexibility (See Chapter 4 - Methodology).

From an operational perspective, this Thesis will involve all types of agencies in the disability sector listed on page 20. These agencies are part of the disability sector of CSWOs, which are predominantly small service-based, not-for-profit organisations. The services provided are based on ‘people processing’, and are personal and interactive of the Carlson (1964, in Hoy & Miskel, 1987) Type 1.

It is the particular operating characteristics of not-for-profits, which when combined with the service nature of such organisations means that assessing organisational effectiveness and performance depends to a large degree on the perspective of the assessor. The efficiency, effectiveness and performance aspect of not-for-profit/service organisations will be discussed later in this Chapter.

2 MANAGERS, MANAGEMENT, AND LEADERSHIP

There is considerable debate, still, about whether management is an art or a science, and whether management is actually ad hoc in nature, characterised by incremental rather than strategic progress, and requiring skills other than those based on formal authority (e.g. Carroll & Gillen, 1987; Dunford, 1992; Petzall et al., 1991) or not. The following examples of attempts to define the word illustrate the debate (see Table 4).

The Fayol (1949) classification of planning, organising, commanding, coordinating and controlling, and later similar classifications such as Urwick and Gulick (1969), imply management is a quite rational process based on authority and expertise (Gardner & Palmer, 1992).

Reed (1989) identified three different theoretical approaches to management - the technical, political, and critical approaches. These three approaches ranged from the technical ‘formal’ view of management, through political or

‘conflict resolution between stakeholders’, to a critical ‘taking into account the wider political and social contexts’ view.

And Hamid Labeed Hamid (in Johnson, 1996), President of the Middle East Management Centre, suggested that:

Management styles will remain...dependent on the demands and pressures of the particular moment or situation. Autocratic management will always solve difficult problems or crises that demand a speedy solution, while democratic styles will remain a function of stable and steadily growing organisations. (p.70)

Table 4 *Examples of definitions of ‘management’*

The art of getting things done through people	Mondy & Premeaux (1993)
The attainment of organisational goals in an effective and efficient manner through planning, organising, leading, and controlling organisational resources	Daft (1997)
The act, art or manner of handling, controlling or directing	Webster’s Dictionary (1975)
Essentially a process of agreeing and achieving organisation objectives	Stewart (1996)
An art by some and a science by others	Megginson et al. (1992)

Management may be thought of as ‘the process of planning, directing, controlling and coordinating the activities and resources of an organisation or system for the accomplishment of its goals and objectives.’ (CCH, 1993, p.348). The same definition also refers to management being ‘a group of people within an organisation which is primarily concerned with the management of its activities.’. The notion of the ‘top management team’ (Hambrick, 1994) is synonymous with management in this sense.

This perspective is important from the point of view of the gathering of data for this Thesis, because the strategic planning process undertaken by management is a key construct as to how it affects organisational performance and is affected by the education and training levels of management.

In a practical sense, ‘managers’ and supervisors in this Thesis refers to those individuals who manage or supervise other employees. From a definitional

perspective, a manager may be thought of as 'a person charged with the management or direction of an institution, a business or the like.' (CCH, 1993, p.350).

Managers and supervisors therefore include those of particular interest to the Karpin Report (1995), the '... frontline managers; the junior and supervisory managers who form Australia's largest cadre of managers.' (p.279). In the disability sector, these managers are mostly service rendering employees (SRE's), and the '... potential impact these managers can have on quality, customer service, employee relations and productivity on the shopfloor...' (p.279) is significant.

'Other employees' includes volunteers, functional workers (such as accounting/finance, administration, marketing and so on) and other support service workers (The Resolutions Group, 1996).

As this Thesis will be surveying *all* managers from *all* organisations in the disability sector in Victoria and Tasmania, the notion of 'top management' or the 'top management team' is also relevant. Over two thirds of such organisations are estimated to comprise no more than 30 employees and at most two levels of management but mostly one (DISTSS, 1999). 'Top management teams' in most agencies will therefore be small and will involve all managers, particularly in view of the collaborative, collegial, consultative nature of the human services industry in general and the disability sector in particular (DISTSS, 1999).

Ever since Fombrun, Devanna & Tichy (1984) argued that human resource management (HRM) has strategic implications, researchers have sought out empirical support for the links between HRM and organisational performance. Almost simultaneously, the term 'top management team' became pervasive in the organisational behaviour and strategy literature (Hambrick, 1994). The 'upper echelons' perspective (Hambrick & Mason, 1984; White, Smith & Barnett, 1994) has been a focus for research in strategic management (Flood, Smith & Derfus, 1996), but has not been pursued by strategic HRM researchers. Much of the research has focussed on the links between top management team demography⁴ and organisational performance.

One of the 'links' between top management and organisational performance is the notion of leadership (Robbins et al., 2000). This notion is derived from the Fayol (1949) classification of management as planning, organising, commanding, coordinating and controlling (see p.32) which has been condensed by most management writers into planning, *leading* (my emphasis), organising and controlling (e.g. Bartol, Martin, Tein & Matthews, 1998).

The word 'leading' is derived from an old Anglo-Saxon term which means going along together. However, western industrialised nations have traditionally adopted a different concept of leadership based on Chinese,

⁴ defined as the study of a population's statistics e.g. education level (CCH, 1993)

Assyrian and Prussian military command which impedes co-operation, creativity and individual dignity (Vecchio, Hearn & Southey, 1998).

Although the CCH (1993) Macquarie Dictionary of Business does not have a definition of leadership (an interesting omission in view of it including definitions of managers and management), in a formal sense leaders are those who are able to influence others and who possess managerial authority, and leadership is the ability to influence a group toward the achievement of goals.⁵ Jaques & Clement (1991) defined it as:

Leadership is the process in which one person sets the purpose or direction for one or more other persons and gets them to move along together with him or her, and each other, in that direction with confidence and full commitment. (p.4)

This definition shifts the concept of leader from one whom others follow to one who encourages managers and employees to move together in the same direction, referred to as symbolic convergence (CAMS International, 1999). Such a leader is one who allows and encourages employees to use their own initiative and talents to help achieve corporate goals.

According to the Robbins et al. (2000) view of leadership as a 'link' between top management and organisational performance, leadership is important in organisations because leaders are the ones who make things happen, and without leaders, an organisation would find it difficult to get things done. Social and economic changes in the 1990s have increased the emphasis on this link (Gardner, 1999c). Managers do many things besides lead, yet it can be argued that leadership is a manager's biggest contribution to organisational success, because leadership allows the managers to get things done through other people (Mondy & Premeaux, 1993; see p.33), and getting things accomplished through others is arguably the major purpose of management (Dubrin, 1990).

The distinction between managers and leaders is not always clear, and in the literature the words are often used interchangeably as is the case with other terms relevant to this Thesis which will be clarified later in this Chapter e.g. education and training, effectiveness and performance, and planning, goals, objectives and strategy.

Put simply, managers are appointed and have legitimate power that allows them to reward and punish those under them in accordance with the formal authority inherent in their positions, in the course of planning, directing, controlling and coordinating the organisation's activities (see p.33). In contrast, leaders may either be appointed or emerge from within a group, and as can be seen in Jaques & Clement's (1991) definition, can influence others

⁵ A concise summary of the nature of leadership as it applies to human services was provided by Gardner (1999c).

to perform beyond the actions dictated by formal authority, a distinction observed by Campanella (1999) and Gardner (1999b).

In his work on managerial competencies, Boyatzis (1982) identified a leadership cluster. In this cluster were competencies that translated into the ability to be inspirational to both those within and without the organisation. These managers must demonstrate they are insightful and have the skills to present ideas and concepts in such a way that their peers and subordinates will follow in the direction they are led. These managers are able to communicate with conviction the concepts they visualise. The leadership cluster has four competencies: (1) self-confidence, (2) use of oral presentation, (3) logical thought, and (4) conceptualisation.

Clearly organisations would be advantaged by having managers who were all leaders, however all leaders in the Jaques & Clement (1991) sense may not have the other managerial skills required to efficiently and effectively carry out Fayol's (1949) other managerial functions i.e. planning, organising and controlling (see p.32). Effective leaders are able to balance the daily management responsibilities with the strategic priorities of moving toward the vision (Gardner & Nudler, 1999).

In summary, management and leadership are separate although complementary concepts. Each has its own function and characteristic activities and both are necessary for organisational success. Prior to Limerick's (1992) era of discontinuity (see p.2), the role of managers and management was more to maintain ongoing activities, with reliability and loyalty being highly valued, and promotion being based on seniority, because seniority equated with experience.

During the 1980s and 1990s however, much more was expected of management (Benjamin & Al-Alaiwat, 1998; see p.2). Management was then and is now about coping with complexity, bringing order and consistency to a range of activities that must be coordinated in order to achieve efficient and effective production of goods and services (see p.6). By contrast, leadership is about coping with change, and responding to the increasingly competitive and volatile environment in which organisations operate (Collins, 1993).

Even if it were possible, this research will not attempt to distinguish between the two in terms of data collection and analysis.

3 EDUCATION AND TRAINING

Training and education of disability sector managers is a key construct in this Thesis, not only because it is the key independent variable, but because it is an integral part of the first two research questions. The relationship between the education and training levels of top management teams (as previously discussed and defined in this Chapter – see previous topic), in organisations in the disability sector (as previously discussed and defined in this Chapter), and

organisational performance (as discussed and defined in this Chapter – see next topic) is the subject of the first research question. The relationship between education and training levels of top management teams and strategic planning (as discussed and defined in this Chapter) is the subject of the second research question.

The context of training and education in this study is broad, ranging from secondary and postsecondary levels, to accredited courses provided by Technical and Further Education (TAFE), Universities and other accredited course providers. For example, in Victoria where the bulk of the data for this study was gathered, the Non-Government Disability Training Unit (NDTU) was established under the auspice of the Victoria Government Department of Health and Community Services to coordinate the provision of training to the non-government disability sector (NDTU, 1995).

Identifying any distinction between education and training at an organisational level is made more difficult by the use of like terms and inconsistency of definitions of those terms in the literature. Concepts such as 'learning', 'organisational learning', 'learning organisations', 'training', 'training and development', 'human resource development', and particularly in the TAFE sector 'vocational education and training' are all used to describe similar activities at an organisational level, often seemingly interchangeably. For example, in relation to 'training', McDonald & Moy (1998, p.49) note that both the Department of Training and Education Co-ordination (DTEC) of NSW (1997), and Sloan (1994) opine that definitions of "training" have a number of dimensions, involving "ambiguity and overlay".

Quite apart from "ambiguity and overlay", the scope of training is also problematic. In general, training methods can be grouped into two broad categories: on-the-job and off-the-job. On-the-job training is the most common form of training⁶ although much of this is conducted informally, and is therefore difficult to measure by questionnaire-type research (Bishop, 1994b; DeSimone & Harris, 1998; Hayton, McIntyre, Sweet, MacDonald, Noble, Smith & Roberts, 1996).

Perhaps because of these measurement difficulties, much of the research in the area uses quite narrow definitions of training. For example, the Longitudinal Survey of Youth in the U.S.A. and the Labour Force Survey in Britain discuss only formal, off-the-job training (Ashton & Felstead, 1995; Bishop, 1994b; Lynch, 1992b).

A more comprehensive approach to training is that of Goldstein (1986), who defines training as '... the systematic acquisition of skills, rules, concepts, or attitudes that result in improved performance in another environment.' (p.3). Another is that of Noe (1986), who sees training as a learning experience that

⁶ 70 per cent of employer training expenditure is on in-house training (Australian Bureau of Statistics, 1997)

is planned to bring permanent change in an individual's knowledge, skills, and abilities (KSAs).

Similarly, DeSimone & Harris (1998) define training as a process which '... involves ... providing KSAs specific to a particular task or job.', while they see development, in contrast, as having '... a long-term focus on preparing for future responsibilities while increasing the capacities of employees to perform their current jobs.' (pp.8-9). 'Training and development' merely combine the two aspects, while management training and development are seen as applying the 'training and development' to managers.

The DeSimone & Harris interpretations are from the perspective of the organisation, while Goldstein (1986) incorporate attitudinal and conceptual aspects, and places the onus on the employee.

'Training', 'education', and 'development' have also been differentiated on the basis of career orientation (Nadler & Nadler, 1989). 'Training is defined as ... learning, provided by employers to their employees, that is related to their present jobs.' (p.47). The future perspective of job learning is 'education' and nonjob related learning is 'development' (p.74).

For the purposes of this Thesis, 'training' may be thought of as a systematic process by which organisations facilitate the acquisition by their staff of the necessary KSAs (knowledge, skills and abilities), required to efficiently and effectively carry out a particular task or job. The emphasis in this Thesis will not be so much on the process, but the outcomes, specifically for managers and supervisors. These outcomes include the concept of the transfer of training (and education). It is through transfer that the impact, if any, of management's education and training on the organisation will be realised.

Transfer of training can be defined as '... the benefit obtained from having had previous training or experience in acquiring a new skill or in adapting an old skill to a new situation' (Annett & Sparrow, 1985, p.81). From the perspective of change, Hunter (1971) defined transfer as the 'ability to learn in one situation and then use that learning, possibly in modified or generalised form in other situations where it is appropriate' (p.2). And Cormier & Hagman (1987) assert that transfer of learning occurs when 'prior-learned knowledge and skills affect the way in which new knowledge and skills are learned and performed' (p.1).

The essential difference between education and training though is more than just a semantic one. Education and training can be differentiated by viewing training as the process that teaches someone how to perform a task for example, while education is the process that teaches someone to analyse why certain kinds of actions must be taken (Wotruba & Simpson, 1992). Expressed another way, training narrows one's focus, education broadens it (Barrie & Pace, 1998).

Historically, training involved the learning of particular skills for a specific job or task e.g. apprenticeships. In contrast, education includes learning widely applicable principles, concepts and methods of analysis, and exposing students to things which are happening in management (Funch, 1981; the Ralph Report, 1982). A well-trained person performs a task without having to stop and think about what to do. Education, on the other hand, prepares a person to stop and think clearly about what action is suitable in each individual circumstance.

Traditionally, training methods concentrated more on knowledge and skills obtained in the training room, and less on demonstrated learning which requires training transfer. In this regard, the disability sector has agreed to adopt a competency based framework for training curricula, where competency is seen as a combination of knowledge and skills and attitudes across industries or within an industry, to the standard of performance required in employment (National Training Board, 1992).

Keys & Wolfe (1988) examined education and training in a wider context, that of management development, which has experienced a major surge in the last 10 years (but particularly since the Karpin Report, 1995 – see p.2), with 45 per cent of companies now giving it a high priority (Clarke, 1999). Keys & Wolfe saw education, training, and coaching as being the three elements of management development. Management training can be defined as ‘... the process by which managers acquire the knowledge and skills related to their work requirements by formal, structural or guided means.’ (Deloitte, Haskins & Sells, 1989, p.3), essentially the same focus as the adopted definition of training, but applied specifically to management.

The Karpin Report (1995) considered that one of the keys to quality management in the Australian workforce generally was the provision of quality management training. Although the focus of the Taskforce was the skill and capacity of Australian managers to ensure that business was internationally competitive and able to meet the challenges of the ‘Asia Pacific Century’, the findings of the Taskforce have significance for managers in all sectors of the Australian workforce.

The Taskforce provided a set of wide-ranging recommendations to address what it considered were the five challenges that had to be met if management skills in Australia were to be improved. These identified challenges were:

- Developing a positive enterprise culture through education and training;
- Upgrading vocational education and training, and business support;
- Capitalising on the talents of diversity;
- Achieving best practice management development; and
- Reforming management education. (p.ix, Executive Summary)

Education and training is clearly a major focus of the report, and the wide publicity since its release and its subsequent influence on the provision of

management training can be seen in the course information and materials distributed by management training providers. Certain government initiatives, such as the Frontline Management Initiative (FMI) are a direct result of the Karpin Report recommendations.

Of particular significance for this study is the view of the Taskforce that:

. . . any intervention that the state considers for improving management skills must recognise the contingent nature of these skills. This requires the intervention to be targeted on the skills of the particular sectors, and for the intervention to be effective, this in turn requires considerable input from the targeted sectors. (p.29)

This 'targeting' of management skills as it applies to the disability sector is one of the foundations of this study, and is clearly reflected in the establishment in Victoria in 1994 of the Brokerage Model, some 12 months prior to the publication of the Karpin Report (1995).

The 'management development' approach of Keys & Wolfe (1988) was repeated in the Karpin Report (1995), and defined as:

The total, continuous improvement process through which managers develop their competence for successful personal and enterprise performance. This includes learning through a variety of formal and informal, structured and unstructured experiences including learning from the work role and from work relationships; from self development; from formal training; and from tertiary and higher education programs. (p.266)

Although this definition hints strongly of elements of the 'learning organisation' to be discussed in Chapter 3, it is the definition of *best practice* management development proposed by Ivanoff & Prentice (1994) for the Karpin Report which more closely links the management development function with not only the 'learning organisation' concept, but perhaps more importantly for this study, with the strategic planning function.

The following key principles of best practice management development are relevant:

- (i) it is comprehensive and focuses on learning from a wide variety of sources including the work role, work relationships, training and education;
- (ii) it links with other human resource management and management practices as part of an overall management system;
- (iii) it is a cooperative process involving managers at all levels;
- (iv) it focuses on the importance of continuous improvement, or lifelong learning, for all managers;
- (v) it recognises the significance of diversity and, in particular, the need to achieve a gender balance within enterprise management ranks;
- (vi) *it reinforces the importance of planning all aspects of management development via medium term strategic or corporate plans and short term business or management plans (my emphasis);*

- (vii) *it is enterprise or business driven and links directly with critical enterprise and business outcomes (my emphasis); and*
- (viii) *it requires evaluation of management development outcomes to ensure they meet required enterprise performance standards. (p.270)*

High quality leadership and management skills are therefore seen as essential for underpinning the move to enterprise best practice for all organisational types.

In the small business sector, at least 5 major studies were undertaken in Australia between 1979 and 1992 to establish the training and development needs of owners/managers. Each study concluded that existing owners/managers are only interested in training that contributes to the solution of today's problems. In addition, other studies have found that managers simply do not have the time to engage in generic training activities with a potential payoff in the future (e.g. Department of Workplace Relations and Small Business, 1997). Importantly, small business owners also believe that a 'hands-on' approach to management development as distinct to a formal approach is preferable (Catts, McLendon, Forlin, Arden, James & Kossen, 1996; Murray-Prior & Hart, 1998).

A more recent study on 181 Australian small businesses has recommended that a learning and training culture should be developed where small business willingly invests in relevant on-the-job training that leads to formal qualifications. This recommendation is consistent with the study's finding linking business success to prior education and training (measured by the highest qualification of those working in the business), and the finding that large numbers of small businesses are not taking advantage of the formal training system to have skills recognised (Kilpatrick & Crowley, 1999).

In relation to not-for-profit organisations, the overall position of not-for-profit management education in Australia is that it is in an embryonic stage (Lyons, 1998). Not only is the need for specialised not-for-profit management barely recognised, but it is a relatively new field of endeavour which does not specifically provide for the special features of not-for-profit organisations, nor attract students from a wide spectrum of industries, interest groups and social services excepted.

In the disability sector, development of managers and supervisors requires a blending of both training and education, and coaching (Keys & Wolfe, 1988). This blend is provided by management development (the Karpin Report, 1995) not only to meet immediate job responsibilities, but also to prepare for progression along a career path in a service industry where personalised care and attention is paramount in obtaining successful outcomes for consumers.

Recent relevant inquiries and reviews into the disability sector⁷ have studiously avoided the issue of prescribing levels of management development or qualifications pertaining to particular functions or levels. Individual organisations are able to determine whatever management requirements/qualifications they feel are applicable to any particular situation.

For its part, the Commonwealth looks at the broad obligations it must consider when funding and providing service for people with a disability. The Disability Services Standards were developed in 1992 as benchmarks of quality for service providers. If individual providers are not able to attain or retain their status under the standards, it is up to the organisation concerned to take appropriate action to remedy the situation whether that be in the form of management education and training or not.

There are many management education and training courses available throughout Victoria (the primary region of the population of disability-based organisations for this study), and Tasmania. The *JAC Directory 2 Victoria: Short Courses for Job Skills* (1995) identified some 650 short courses relating to finance, management, secretarial and sales. Most are generic in their orientation, although some are industry specific. Only one course listed has a specific focus relevant to the disability sector, although other research shows that several disability oriented short courses are offered by the non-government disability training unit (NDTU), for example, Introduction to Disability, Legislation and the Worker, Supporting Consumer Decision Making, and Positive Communication (NDTU, 1995).

Typical providers of short courses in both states include Technical and Further Education (TAFE) Colleges, Institutes and Universities, peak bodies such as the Australian Institute of Management (AIM) and the Victorian Employer Chamber of Commerce (VECCI). A host of other providers are active, ranging from organisations such as the Council of Adult Education through to individual management consultants. Outside the Melbourne metropolitan area, the vast majority of providers of short courses are TAFE Colleges, Institutes and Universities.

Predominantly, these short courses are non-accredited or non-award, although there is a growing trend for providers to package the short courses into an accredited program of training, so that an individual short course becomes a module in an accredited training program. The Australian Institute of Management (AIM), for example, has a Certificate in Business Management Practices which is a nationally accredited certificate, and is offering a Masters in Business Administration (International Management) in

⁷ Baume & Kay, 1995; Evaluation of the Disability Reform Package, Main Report, 1995; Human Rights and Equal Opportunity Commission, 1993; KPMG Peat Marwick, 1993; New Directions Report of the Handicapped Programs Review, 1985; Privacy Commissioner and the Victorian Office of the Public Advocate, 1993; Report of the Senate Standing Committee on Community Affairs, Employment of People with Disabilities, 1992; Ronalds, 1990.

conjunction with the Asian Association of Management Organisations and Royal Melbourne Institute of Technology.

As far as accredited courses within the Vocational Education and Training System, (VET) is concerned, in 1995 Business Skills Victoria (The Business Services, Finance and Property Industry Training Board), undertook a Curriculum Framework Project which explored an appropriate curriculum framework for the delivery of business courses in the VET System in Victoria (Business Skills Victoria, 1995).

Excluding courses that were designed to meet the needs of specific sectors of business, the following courses had relevance for managers in the disability sector:

- Certificate in Workplace Leadership
- Advanced Certificate in Management Skills
- Certificate in Computer Business Applications
- Certificate in Small Business Management
- Advanced Certificate in Human Resource Management
- Certificate in Office Administration
- Advanced Certificate in Office Administration
- Associate Diploma in Office Administration

Tied to this provision of management education and training in the VET system, has been the development of relevant curriculum, in particular that produced by ACTRAC Products Ltd., the Curriculum and Training Resources arm of the Australian National Training Authority (ANTA).

In relation to accredited courses within the higher education system, there are many hundreds of undergraduate courses available in management, as indeed there are at the postgraduate level. The Directory of PostGraduate Study (Australian Vice-Chancellors' Committee, 1996) devoted 68 pages to business and management courses. Most courses seem to take a generic approach with few being specific to any particular industry sector.

From contact with managers of disability-based organisations involved in this study, particularly members of the training and focus groups (see Chapter 4), many management education and training development initiatives are being undertaken in-house for managers in their disability-based agency. Predominantly these initiatives are in large and extra large agencies, and in Metropolitan areas. This provision of in-house training, and training generally is consistent with Kilpatrick & Bell's (1998) finding that adults in rural areas are less likely to have completed secondary school, have post-school qualifications, and participate in post-school education and training. However, they are more likely to be older, and female (in all geographical areas).

Peak bodies such as ACROD, the National industry Association for Disability Services, and the Council of Intellectual Disability Agencies (CIDA) have also

played a role in the provision of management training. CIDA for instance has negotiated with the Victorian Employers' Chamber of Commerce (VECCI) for the delivery of its Human Resource Management Certificate at a subsidised rate for managers of member agencies.

Finally, the development of Agency Training Plans (ATP's) in each eligible non-government disability agency is expected to result in the identification of management education and training needs, and within budgetary constraints, strategies to address these.

In summary, the context of training and education in this Thesis is broad, ranging from secondary and postsecondary levels, to accredited courses provided by Technical and Further Education (TAFE), Universities and other accredited course providers.

4 ORGANISATIONAL PERFORMANCE

Organisational performance of disability sector agencies is a key construct in this Thesis, not only because it is the ultimate dependent variable (Pfeffer, 1977), but also because it is an integral part of the first and last research questions. The relationship between the education and training (as discussed and defined in this Chapter – see previous topic) levels of top management teams (as previously discussed and defined in this Chapter) in organisations in the disability sector (as previously discussed and defined in this Chapter), and organisational performance is the subject of the first research question. The relationship between strategic planning (as discussed and defined in this Chapter – see next topic) and organisational performance is the subject of the third and final research question.

4.1 The nature of organisational performance

General research on organisational performance (often referred to as effectiveness) begins with the premise that organisations are composed of interactions among disparate groups arranged into a coherent structure (Pfeffer & Salancik, 1978). To determine the output of the organisation and whether it meets the needs of the external and internal environments in which it functions, some measure of its performance (or effectiveness) is required.

Consequently, in researching organisational performance the performance (or effectiveness) construct is variously viewed as a practical necessity on a continuing basis, the ultimate dependent variable in organisational research, and the centre of all organisational models (Cameron & Whetten, 1983b; Pfeffer, 1977). The concept has captured the attention of social scientists in the field of organisation and management for decades (Chor-fai, 1996).

The word 'effectiveness' is used in the management literature in a number of contexts. It is used to discuss actions and outcomes where outcomes are an external standard of how well an organisation is meeting the demands of

stakeholders (Pfeffer & Salancik, 1978). It is also used to describe the state of planning *systems* in terms of their fulfilment of planning goals and objectives, and also to describe the economic state of an organisation. Further, it is used to describe the state of overall satisfaction with a planning system (Ramanujam, Venkatraman, & Camillus, 1986b). Some authors and researchers have asserted that 'effective' strategic planning results in improved 'performance' (Montanari, Morgan, & Bracker, 1990). Effective in this sense essentially means doing the right thing, or producing the right outcome be that a good or service. Efficient on the other hand means making a surplus of incomings over outgoings - or being 'cost-effective'.

In the literature, the construct of organisational performance is most often linked to that of effectiveness, and to a lesser extent, efficiency. A small number of researchers include the quality perspective e.g. Martin & Kettner (1996). As with training and education, performance and effectiveness seem to be used almost interchangeably to describe the same activity. For example, there are models of organisational performance and organisational effectiveness that essentially use the same terms and concepts. The goal-centred and system capability approaches developed in the management literature (Cameron & Whetten, 1983a; Camillus, 1975; Etzioni, 1964; King, 1983; Ramanujam, Venkatraman & Camillus, 1986a; Ramanujam & Venkatraman, 1987b; Shank, Niblock & Sandall, 1973; Steiner, 1979) essentially describe the same models as the Hoy & Miskel (1996) integrated approach which was previously mentioned on page 11, and will be used for this research.

Using a combination of the goal and system approaches, organisational performance can be viewed as the organisation's ability to attain its goals by acquiring and using resources in an efficient and effective manner. In this sense, effectiveness is the degree to which the organisation achieves a stated objective, while efficiency is the use of minimal resources - raw materials, money and people for example - to produce a desired volume of output (Daft, 1994). Any organisation, or person can be judged as effective or ineffective depending on the criteria used, which may be independent of one another (Hoy & Miskel, 1987). What the concept of efficiency (and quality) does not do however, is question the organisation's basic activities and operations.

4.2 The importance of organisational performance

There is an increasing interest in the concept, both in the for-profit and the not-for-profit sectors, due to the financial and competitive pressures facing all organisations, a growing awareness of the importance of organisational structure and management, an increasing demand for accountability, and a desire to secure a distinctive competence. This is the case particularly in relation to Community Social Welfare Organisations (Chor-fai, 1996; Kovner, 1990).

Perhaps for these reasons, there is a trend towards seeking better measurement systems, at least in the commercial sector (Chow, Ganulin,

Haddad & Williamson, 1998). For example, Birchard (1995) found that 80 per cent of large American companies are seeking improvements in the performance measurement area. Also, Kurtzman (1997) reported that 64 per cent of U.S. companies are experimenting with a performance measurement system. The shared concern of such companies is that measurement systems that focus on the wrong aspects of performance can actually undermine the organisation's strategic mission by perpetuating short-sighted business practices (Hoffecker & Goldenburg, 1994).

The interest in organisational effectiveness is comparatively recent among social work scholars however (Chor-fai, 1996). Although the early 1970s saw a flurry of social work literature on effectiveness accountability and efficiency accountability, for the last two decades the human services literature essentially ignored the concept (Martin & Kettner, 1997). Forces outside the field have not however, particularly those broad-based contemporary efforts directed at promoting increased accountability in government, and the resultant focus on performance measurement will affect the survival and continuity of all such programs (Martin & Kettner, 1997).

This focus on performance measurement of human service agencies has no doubt prompted a growing interest in the topic of organisational effectiveness of Community Social Welfare Organisations (CSWOs) since the 1980s (D'Aunno, Hooijberg & Munson, 1991; Ezell, Menefee & Patti, 1989; Kettner, Moroney & Martin, 1990; Malka, 1989; Patti, Poertner & Rapp, 1987; Rapp & Poertner, 1992; Tsui, 1990), particularly with the realisation that increasing the level of effectiveness of such organisations increases the quality of life in our communities (Sheehan, 1994).

These environmental factors have also created a climate conducive to adopting management structures and practices from the corporate sector (Bryson, 1995; Delbecq & Gill, 1988; Kovner, 1990; Nutt & Backoff, 1992, 1993; Shortell, 1989; Shortell, Gillies, & Devers, 1995). Despite calls for not-for-profit organisations to become more business-like (Fine, 1990; Steckel, Simons & Langsfelder, 1987; Unterman & Davis, 1984), there is however surprisingly little evidence of not-for-profit organisations adopting corporate governance (including organisational performance and strategic planning) practices (Alexander & Weiner, 1998; Jenster & Overstreet, 1990; Odom & Box, 1988; Tober, 1991; Wolch, 1990).

What available evidence there is is mainly limited to anecdotal reports and case studies (Busch, 1992; Cnaan, 1996; Eisenberg, 1992; 'For-profit tactics take hold', 1989; Mason, 1994). The few empirical studies conducted have been limited to cross-sectional analyses of individual features of the corporate governance model (Alexander, Morlock & Gifford, 1988). For example, King (1998) found that only 31 per cent of not-for-profits had a strategic plan and of these, most had larger budgets, with a greater availability of resources and staff time to devote to planning (Young & Sleeper, 1988), and possibly more managerially sophisticated executive directors (Wolch, 1990).

There is however an acknowledgment that, given the deep rooted, conservative operating characteristics, resources and infrastructure of not-for-profit and public sector agencies, for-profit standards of efficiency and effectiveness may not necessarily reflect the underlying goals and objectives (Hedley, 1998). An example of the underlying goals and objectives might be the degree of public benefit achieved (Hatry, 1978). Further, such agencies might not be able to take up the corporate model, at least in the short-term (Greenwood & Hinings, 1988; Hannan & Freeman, 1984; Starkweather, 1988).

The general question of how to understand and assess the performance of charitable not-for-profit organisations continues to challenge practitioners and scholars alike (Fottler, 1981; Hatten, 1982; Herman & Renz, 1997; Kanter & Summers, 1987; Newman & Wallender, 1978; Nutt, 1984). Is a not-for-profit organisation with rapidly growing revenues and an increasing surplus more effective than one that is cutting back and running a deficit? In their 1998 study (which included developmental disability service organisations) Herman & Renz, found that, amongst other things, practitioners identified measuring satisfaction, and having a plan as criteria they used to evaluate their own and other not-for-profit organisations. These factors were also identified as being important by focus groups in this study.

There is also interest in the assessment of organisational performance at the small and medium enterprise level, performance which may have a different meaning for small than large firms (Keats & Bracker, 1988), because it is not known if traditional neo-classical economic measures are appropriate for assessing the performance or success of small owner operated firms (Newby, Watson, & Woodliff, 1998). For example, a sample of 250 small firms in northern New South Wales found that performance was not measured solely by financial objectives (McDowell, 1996). Personal, family and general business objectives were as important, lending weight to the multidimensional nature of organisational performance perspective.

Nevertheless, despite the importance of, and interest in the concept, operationalisation and measurement of performance is a major weakness in strategy research (Venkatraman & Ramanujam, 1986). The need in this Thesis to define and explain the construct of organisational performance will examine why this is so, prior to discussing a suitable model for use in the study.

4.3 Measurement of organisational performance

Researchers have used a variety of measures, financial and otherwise, to assess the performance of organisations over a specified period of time. Many of these efforts have been flawed because of the simplistic notion that firms either plan or don't plan, and have concentrated on a single dimension as a measurement of performance, usually financial.

The early strategic planning/performance literature used a small number of financial and/or marketing measures as indicators of performance (Fulmer & Rue, 1974; Herold, 1972; Rappaport, 1981; Rhyne, 1986; Thune & House, 1970; Wood & LaForge, 1979) even though conceptual writings on formal planning systems stressed several nonfinancial, intangible benefits (Camillus, 1975; Steiner, 1979). Rappaport (1981) argued strongly that the change in shareholder wealth was the only correct measure of management performance as far as investors were concerned. This seems to be a minority view as most studies in the 1980s did not include measures relating to return to investors, but did however use a number of various accounting measures. Woo & Willard (1983) succinctly discussed the weaknesses of using such measures in isolation from each other.

These simplistic notions are inconsistent with the multidimensional nature of planning systems⁸ (e.g. Dyson & Foster, 1982; Greenley, 1986; Kargar, 1996; King, 1983; Kukalis, 1991; Lorange, 1979, 1980; Phillips, 1998; Ramanujam & Venkatraman, 1987b; Rhyne, 1987; Veliyath & Shortell, 1993).

They are also inconsistent with a greater volume of research (a majority of which postdates the early 'simplistic' model) which is based on the premise that any realistic model of organisational performance must be multidimensional. For example, Bass, 1952; Bennis, 1966; Brown & Laverick, 1994; Butler, Letza & Neale, 1997; Cameron & Whetten, 1983a; Cochran & Wood, 1984; Dalton & Kesner, 1985; Denison & Mishra, 1995; Dessler, 1986; Dixon, Nanni, & Vollmann, 1990; Eccles, 1991; Ezzamel, 1992; Friedlander & Pickle, 1967; Hall, 1982; Hambrick & Lei, 1985; Kaplan, 1990; Kaplan & Norton, 1992, 1996; Lee, Kwak & Wikil, 1994; Nielson, 1994; Peters & Waterman, 1982; Pfeffer & Salancik, 1978; Ramanujam, Venkatraman & Camillus, 1986a; Ramanujam & Venkatraman, 1987ab; Rangone, 1997; Robbins & Barnwell, 1989; Steele, 1987; Steers, 1975; Tosi & Gornex-Mejia, 1994; Venkatraman & Ramanujam, 1987; and Yuchtman & Seashore, 1967b.

Even in the accounting literature, renowned for its reliance on 'hard numbers', there is recent recognition of the need in many decision contexts to integrate qualitative information with financial and non-financial measures of performance e.g. Bromwich & Bhimani (1994).

Also, Athanassopoulos & Ballantine (1995) considered the use of alternative multidimensional methodologies for assessing corporate performance of industrial sectors within the economy. They argued that the use of ratio analysis (e.g. return on investment) is in itself insufficient for assessing performance, and that more advanced tools like data envelopment analysis should be used to complement ratio analysis. Data envelopment analysis which includes an assessment of sales' efficiency, the effects of economies of scale, benchmarking of a firm's performance and the association between industry groups and performance, was used by Athanassopoulos & Ballantine

⁸ This will be discussed in more detail in the next section on strategic planning.

to address a series of issues concerning the measurement of corporate performance.

And from a marketing perspective, following on from previous work by Jacoby (1978), Churchill (1979) identified the need to develop better multi-item measures of the performance variables with which marketers work.

This general corporate approach to performance measurement is also consistent with the educational literature which assumed that in an educational setting (which in part characterises many disability-based organisations), organisational performance (or effectiveness) is a multidimensional concept (Hoy & Miskel, 1982, 1987). A common claim is to the effect that 'No single ultimate criterion . . . can capture the complex nature of organisational effectiveness.' (e.g. Hoy & Miskel, 1982, p.326).

Certainly this approach is evident in the reports of various committees into Australian higher education. For example, the Review of Higher Education Financing and Policy Final Report (1998) opined that:

The purpose of the modern university, therefore, must be to open the mind, to strengthen and discipline the cognitive powers and sensibilities of the mind, to refine the mind, and to create efficient and effective independent learners and knowledge and knowledge builders. (p.46)

Measurement directed towards fulfilment of this purpose is problematic however. While all academic endeavour has been subject to increasing public scrutiny over the last decade, management studies have coped poorly with performance measures. Teaching quality of management studies has been gauged largely by assessment of procedures (Report of the Steering Committee Strategic Review of Management, 1997).

On a broader institutional scale, the Higher Education Division of the Department of Education, Training, and Youth Affairs (1998) has developed a number of indicators to measure the effectiveness and efficiency of higher education institutions. For example, the student staff ratio is a measure of efficiency, while graduates' satisfaction with their higher education experiences, the student retention rate, and student progress rate are measures of the effectiveness of institutions delivery of educational services. A number of postgraduate outcomes have also been developed, and on all these measures, the researchers have acknowledged a range of mediating internal and external factors.

As far as school effectiveness is concerned (incorporating school improvement⁹ and the educational aspects of disability-based organisations), Reynolds et al. (1994) described the state of the art of international school

⁹ For example see Creemers & Reezigt (1997)

effectiveness research up until just prior to 1994 as being highlighted by there being more research reviews than empirical investigations. What empirical investigations there were, focussed on discovering the multidisciplinary 'levers' (Scheerens, 1997) that enable schools to control and shape students' achievements.

These 'levers' were seen by Riddell, Brown & Duffield (1998), as being the reason for the popularity of school effectiveness research with policy-makers. The appeal, said Riddell et al. (1998), lay in the promise of simple solutions to practical problems, which within education, as in other spheres of social welfare, consumes more of policy-maker's time as they increase their efforts to make things work more effectively.

Creemers, Reynolds, Chrispeels, Mortimore, Murphy, Stringfield, Stoll & Townsend (1998) however refuted this and were of the opinion that school or educational effectiveness had been studied as an increasingly complex and integrated topic in educational research during the last two decades. During that time a redirection of research had taken place (Hill, 1998; Hill & Rowe, 1998), generating more and better designed studies (e.g. Rowe & Hill, 1998; Young, 1998) in many different countries (e.g. Townsend, 1997; van der Werf, 1997). Creemers et al. (1998) concluded that substantive findings in a number of key areas had been produced, however there should be further work on expanding the outcomes measured in school effectiveness research, as is the case with this current research in respect of the disability sector.

Most research up until the 1970s was characterised by the view that, outside the acknowledged influence of pupil socioeconomic status and ability (both individually and collectively), schools did *not* make a difference (Averch, Carroll, Donaldson, Kiesling & Puckus, 1972; Coleman et al., 1966; Jencks et al., 1972), although Coleman et al. (1966) showed that school effectiveness could be measured by the performance of their students, and that the quality of teachers (managers), especially their educational background, showed a strong relationship to pupil (staff and organisational) achievement.

Stringfield & Herman (1996) comprehensively assessed the early research conducted in the late 1970s in both the United States and the United Kingdom, research which reversed the earlier view and generally showed that school influence could not be denied (Brookover et al., 1979; Edmonds, 1979; Gibson & Asthana, 1998; Rutter et al., 1979; Weber, 1971), even though 'effectiveness' was often limited to school scores related to a national standard, or outcomes inconsistent with student intake characteristics.

These early studies were generally found to be conceptually and methodologically flawed (Abalos et al., 1985; Frechtling, 1982; Goldstein, 1997; Lauder, Jamieson & Wikeley, 1998; Scheerens, 1997). Not only were they conceptually and methodologically flawed, but Elliott (1996) raised more philosophical questions about the relationship between the social and educational ends of schooling, asserting that detailed phenomenological studies of classrooms (such as that conducted by Sammons, Thomas,

Mortimore, Walker, Cairns & Bausor, 1998), were required to escape the time warp into which the entire enterprise of school effectiveness research had fallen.

In the 1980s, researchers considered additional school inputs and school level processes in searching for the effectiveness 'levers' (Cohen, 1986; David, 1987; Oakes, 1989; Purkey & Smith, 1983; Stedman, 1987; Teddlie, Falkowski, Stringfield, Desselle & Garvue, 1984). The later 1980 studies used sophisticated statistical procedures to address the methodological limitations (Aitken & Longford, 1986; Raudenbach & Bryk, 1989; Willett, 1989) of the earlier studies, with however little success according to Elliott (1996).

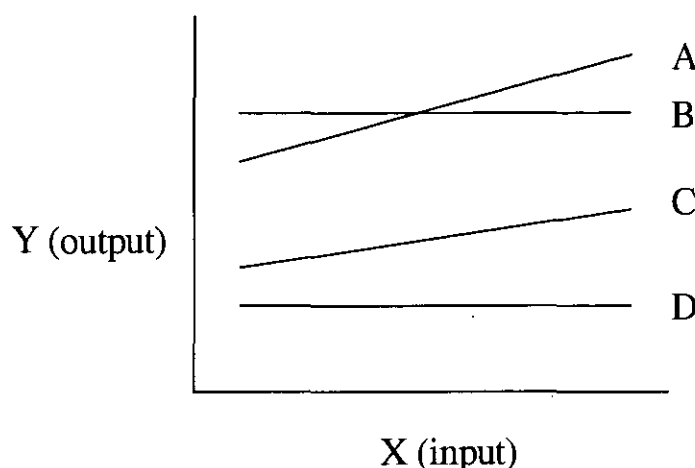
Throughout the early 'school effectiveness' research, effectiveness of schools was measured or defined in five generic characteristics - the '5-factor' model although Rutter et al. (1979) came up with seven (Reynolds et al., 1994), Mortimore, Sammons, Stoll, Lewis & Ecob (1988) produced a list of twelve, and Levine & Lezotte (1990) identified eight. The Rutter et al. (1979) characteristics were representative and listed strong educational leadership; high expectations of student achievement; an emphasis on basic skills; a safe and orderly climate; and frequent evaluation of pupils' progress. It is interesting to note that these characteristics are mostly inputs to the system, a frequent characteristic of measurement of not-for-profit organisations mentioned previously (page 24). The relationships between the five school characteristics in the '5-factor' model and educational achievement are seen, typically, in the literature as correlational, rather than causal.

There is an obvious consistency between the key effectiveness factors evident at the end of the 1970s and those evident a decade later (McGaw, Piper, Banks & Evans, 1992). Interestingly, as was the case with leaders in the context of managers and management (see section 2 of this Chapter), strong leadership has remained a key factor (amongst others such as school climate) in school effectiveness research (Blackmore, 1998; Hallinger & Heck, 1998; Ho & Low, 1997; Leonard, 1996; Townsend, 1997; Yu, 1998). Leadership has also been identified as an integral component of the school-community partnership (Johns, Kilpatrick, Falk & Mulford, 1999). Of interest also (for the purposes of this current study) was a 1998 study (Levacic & Glover, 1998) which suggested a statistically significant positive association between school effectiveness and rational management practice, and Munro's (1999) observation that there is a strong nexus between teacher effectiveness and school effectiveness.

From a slightly different perspective, Reynolds et al. (1994) defined school effectiveness in two dimensions as shown below in Figure 9. Figure 9 shows separate regressions for four schools, A, B, C, and D. The 'quality' dimension is shown as the average score of each school on output (corrected for input), and is represented by the intercept for each school. The 'equity' dimension is represented by the slopes of the regression, and encompasses the compensatory power or selective quality of schools. Pupils in schools A and

B on average score better than pupils in schools C and D. Schools A and C also differentiate more strongly between children with high and low input

Figure 9 *Effectiveness for schools*



characteristics than do schools B and D, which are less able to compensate for input. The model can be applied directly to other organisational settings such as disability-based organisations.

The underlying goal of school effectiveness research has been to isolate those characteristics that distinguish effective schools from the rest (Creemers et al., 1998; Scheerens, 1992; Townsend, 1997). The extent to which that has been achieved, or even whether it is attainable (Elliott, 1996) has been well documented (Creemers et al., 1998; Hopkins, Aincow & West, 1994; Leonard, 1996), despite critics of the approach (Brown, 1998; Hamilton, 1998; Rea & Weiner, 1998), and recognition by researchers within the paradigm that the relationships are not conclusive (Hopkins, Aincow & West, 1994; Reynolds & Packer, 1992; Sammons et al., 1998). Coleman's (1990, p.304) notion of social capital (the set of resources embodied in the *relations* among persons), is a notable absentee from the characteristics under consideration, and a characteristic which may be particularly relevant to disability-based organisations.

The literature on research into the school effectiveness paradigm remains ambivalent. For example, Hamilton (1998) was sceptical of the school effectiveness rationale, concluding that it is unwarranted, a similar conclusion to Rea & Weiner (1998), Thompson (1999), and Brown (1998), while Lauder, Jamieson & Wikeley (1998) saw research into school effectiveness as being at the crossroads. On the other hand, a 1998 Australian Report (Gannicott, 1998) opined that there is now a large literature which provides unambiguous evidence of achievement differences between schools, differences that cannot be explained solely by differences in the quality of the student intake. Gannicott asserted that there is no longer any serious questioning of the claim that some schools are more effective than others, only that these differences may be systematic or not.

As can be seen from the above discussion, the operationalisation of the multidimensional nature of organisational performance leads to complexity. For example, from the perspective of effectiveness as a measure of viability, effectiveness can be a very broad measure indeed. Steele (1987) only used a set of nine criteria as a measure of effectiveness: attitude to change; degree of trust in management; amount of (financial) information communicated; visibility and accessibility of top management; organisational atmosphere; frequency of reward and recognition; posture and prowess of customer contact; customer service measurement; and company purpose.

More detailed criteria to measure effectiveness of organisations have emerged from the management literature. Following on from a 1975 study by Steers in which he found 15 indicators in only 17 studies in which the predominant measure was adaptability-flexibility, Montanari, Morgan, & Bracker (1990) identified fifteen commonly used measures of effectiveness frequently occurring in the management literature (see Table 5).

An even more detailed categorisation is provided by Hoy & Miskel (1996), who refer to 30 categories of organisational effectiveness indicators originally identified by Campbell (1977). Many of the management effectiveness factors that are mentioned in Table 5 are also common to the Hoy & Miskel (1996) integrated model of organisational effectiveness, to be discussed in detail later in this section.

Table 5 *Effectiveness measures from the management literature*

Criteria	Time Perspective ^a	Type ^b
Adaptability-flexibility	I	Beh
Productivity	SR	Ops
Satisfaction	SR	Beh
Profitability	SR-I-LR	Fin
Resource Acquisition	SR-I	Ops
Absence of Strain	SR-I	Beh
Control over Environment	I-LR	Fin-Ops
Development	I-LR	Beh
Efficiency	SR-LR	Ops
Employee Reaction	SR-I	Ops
Growth	LR	Fin
Integration	I-LR	Ops-Beh
Open communication	SR-I	Beh
Survival	LR	Fin-Ops
Financial operations (e.g. return on investment, gross profit margin, inventory turnover, cash flow)	SR-I-LR	Fin

^a SR = Short-range (1-3 years), I = intermediate (2-5 years), LR = Long Range (3-15 years)
^b Fin = Financial effectiveness criterion, Ops = Operational effectiveness criterion, Beh = Behavioural effectiveness criterion

Adapted from Montanari et al. (1990)

The diversity of measures of organisational effectiveness used by researchers in the educational, sociological, and management disciplines is reflected in the evaluation approach taken by the Department of Health, Housing, Local Government and Community Services (1993), in relation to assessing Australian disability service providers. The Department's approach is encapsulated in Midgley's (1996) view that 'No single evaluation method, or method of directing organisational change, can cope with every issue faced when evaluating, or intervening in, service systems for people with disabilities' (p.68).

The Department's guidelines reflect concerns towards meeting not only the Department's needs but also the needs of multiple relevant constituencies - consumers, managers and staff of agencies, managers and staff of advocacy groups, board members of disability service provision agencies, and family friends and advocates of consumers.

The standards themselves reflect the multidimensional performance criteria of the Commonwealth Government. The 11 standards cover service access, individual needs, decision making and choice, privacy, dignity and confidentiality, participation and integration, valued status of consumers, complaints and disputes, service management (the primary focus of this Thesis), employment conditions, employment support, and employment skills development.

In much the same way as the Hoy & Miskel (1996) integrated model of organisational effectiveness examines both means and ends, measurement of effectiveness of disability based organisations as operationalised by the disability service standards therefore covers process and outcomes, using many different criteria, and will be incorporated in this study as an independent validation of the organisational performance measures used in this study.

Disability based organisations have not always measured their effectiveness in such a manner, particularly prior to the implementation of the standards, nor have Community Social Welfare Organisations (CSWOs) generally (Austin, Cox, Gottlieb, Hawkins, Kruzich & Rauch, 1982; Lindsey, Wodarski & Greaves, 1986), where the focus was primarily on service outcomes without including processual issues.

The reasons for this relate to the not-for-profit, small, service nature of most agencies (discussed previously on pages 23-29), which do not generally operate in a free market situation; face less severe or practically no competition; have less freedom in making decisions about the nature and quantity of services that they provide; and are often characterised by conflicting values, unclear goals and uncertain technology (D'Aunno, 1992; Gummer, 1990; Kahn, 1979; Morris, 1985; Salancik, 1981).

4.4 Organisational performance models

The general question then arises, how can the various measures be utilised in a theoretically, methodologically and philosophically sound manner? Earlier in this section (pp.40-41), references were made to models of organisational performance and organisational effectiveness in the context of using essentially the same terms and concepts. The two models mentioned were the goal-centred and system capability approaches developed in the management literature (Cameron & Whetten, 1983a; Camillus, 1975; Etzioni, 1964; King, 1983; Ramanujam, Venkatraman & Camillus, 1986a; Ramanujam & Venkatraman, 1987b; Shank, Niblock & Sandall, 1973; Steiner, 1979). These two models essentially represent the Hoy & Miskel (1996) integrated approach that will be used for this research. Table 6 summarises the major models of organisational performance.

As can be seen in Table 6, from a theoretical perspective based on the management and educational literature, a number of major models of organisational performance are evident, from a system capability approach (Camillus, 1975; Ramanujam & Venkatraman, 1987a; Shank, Niblock & Sandall, 1973); through a goal-centred approach (Cameron & Whetten, 1983a; King, 1983; Ramanujam, Venkatraman & Camillus, 1986a; Steiner, 1979) which implies the existence of organisational goals; to a system resource approach (Hoy & Miskel, 1987; Yuchtman & Seashore, 1967a).

Also from Table 6, it can be seen that at least four other models are evident in the literature. These are the internal processes model (Bennis, 1966; Emery & Trist, 1965) in which the absence of internal strain and smooth internal functioning are seen as indicators of effectiveness; the multiple constituency model (Connolly, Conlon & Deutsch, 1980; Kanter & Brinkerhoff, 1981) regarded by Herman & Renz (1997) as a modification of the goal model, and sometimes referred to as the strategic constituencies approach (Pfeffer & Salancik, 1978); contradiction (Hall, 1991); and interaction models (Schneider, 1983) all of which do not appear to have attracted a significant amount of subsequent interest or research. The Bass (1971) and Peters & Waterman (1982) effectiveness models could also appear in this category.

The system capability approach to assessing organisational performance shows the extent of improvement over time in both creativity and control aspects of the planning system. This perspective reflects Lorange's (1979) suggested approach to the evaluation of planning systems. Using this approach, the system capability of disability-based organisations would focus on the process of planning such as internal communications and interaction, organisational learning, innovation, commitment and motivation, control, aptitude for change and improvement in the organisation's activities (Kargar, 1996). This approach and these aspects are reflected in the current research.

The difficulties inherent in classifying planning and planning systems have however proved to be a limiting factor in furthering planning systems research. Other difficulties centre on the preoccupation with the financial

payoffs with planning, and measuring the normative multidimensional nature of both planning variables (Ramanujam & Venkatraman, 1987b).

Table 6 *Major models of organisational performance*

Model	Comments
Goal-centred	Organisational effectiveness is measured by goal attainment (Etzioni, 1964). Identification of goals is problematic.
System capability	The extent of improvement over time in both creativity and control aspects of strategic planning systems (Camillus, 1975). Unidimensional.
System resource	An organisation's bargaining position as reflected in the ability of the organisation as a resource getting system (Yuchtman & Seashore, 1967a). May place too much emphasis on inputs and non-rational aspects.
Integrated	Integrates the goal-centre and system resource models (Hoy & Miskel, 1996). Incorporates a time dimension, different organisational levels, multiple constituencies, and multiple criteria.
Internal processes	Emphasises the absence of internal strain and smooth functioning. Adaptation to change is viewed as the main challenge (Bennis, 1966). Is inwardly focussed.
Multiple (strategic) constituencies	Organisational stakeholders make competing demands on organisations (Kanter & Brinkerhoff, 1981). Identifying constituents is problematic, and their demands may be competitive and difficult to define.
Contradiction	Organisations have multiple and conflicting goals, constituencies, time frames, and environmental constraints (Hall, 1991). Measurement instruments not developed.
Interaction	Emphasises the continuing inter-relationship among participants, organisational structure, and the environment in shaping organisational goals (Schneider, 1983). Has not acquired adequate recognition amongst researchers.

The goal-centred approach of Cameron & Whetten (1983a), Etzioni (1964), and Ramanujam, Venkatraman & Camillus (1986a) is basically concerned with the specific end results normally anticipated from a planning system. This view reflects King's (1983) suggested approach to the evaluation of planning and Steiner's (1979) notion of measurement against purpose. This approach has however been criticised on the grounds of goal incompatibility, the changing nature of goals which are often unclear and subject to disagreement, and the often unattainable nature of 'official' goals (D'Aunno, Sutton & Price, 1991; Etzioni, 1960; Hannan & Freeman, 1977; Jenkins, 1977; Reimann, 1975; Scott, 1977). Nevertheless, this approach has also

been incorporated into the current study, reflecting an important function of Parsons (1960) typology of social systems.

Unlike the goal model, proponents of the system resource model see the organisation as a living social system (Etzioni, 1960; Gouldner, 1971; Hall, 1991, Scott, 1992), with the primary purpose of achieving an advantageous position in its environment. From this position, the organisation can survive and adapt by exploiting its surroundings so as to acquire scarce and valued resources (Hall, 1991; Hoy & Miskel, 1987; Katz & Kahn, 1978; Yuchtman & Seashore, 1967b). The origins of the model can be traced back to Parsons (1960). This adaptability/flexibility aspect of organisational performance (see Table 5) will also be incorporated into the current study.

While theories holding a systemic view of performance appear to provide a more comprehensive picture of the organisation, they are often criticised for placing too much emphasis on the non-rational aspects of organisations, thereby losing sight of the more rational ones (Gouldner, 1971; Scott, 1992). There are also criticisms relating to placing too much emphasis on inputs (see page 24 for this characteristic as it relates to not-for-profit organisations), and that to acquire scarce and valued resources is a defacto goal, and therefore the system resource model is no different from the goal model (Cameron, 1978; Hall, 1972).

Attempts to develop a definitive model of organisational performance in the social work literature have not been fruitful (Chor-fai, 1996). A restraining force in developing such a model has been the professionalisation (see page 25) of agency personnel (D'Aunno, 1992; Reid, 1987). Given the variety of models and the inherent criticisms, it is little wonder that there is still little consensus over what constitutes a valid model or set of performance criteria (Smith, 1998).

However, the integrated model of organisational (school) effectiveness developed by Hoy & Miskel in the educational literature (1982, 1987, 1991, 1996) is only one of a number of other, more refined models of school effectiveness which have been developed (Blom et al., 1986; Clauset & Gaynor, 1982; Duckworth, 1983; Ellett & Walberg, 1979; Glasman & Biniaminov, 1981; Murphy et al., 1982; Schmuck, 1980; Squires et al., 1983). Although developed originally to study the organisational effectiveness of schools, the integrated model incorporates performance perspectives from the strategic planning literature, and can be readily applied to disability-based organisations.

The Hoy & Miskel (1996) integrated goal-system resource model (see Table 7) was chosen for this research as it provides a more comprehensive theoretical guide than other currently utilised models of organisational effectiveness, accounting for both process and outcome, and both means and ends (Uline, Miller & Tschannen-Moran, 1998).

Table 7 ***Integrated model of organisational effectiveness (Adapted from Hoy & Miskel, 1987)***

Dimensions of effectiveness	Multiple indicators of each dimension of effectiveness	Added perspectives for each indicator of effectiveness
<i>Adaptation</i>	Adaptability - flexibility Innovation Growth Development Control over equipment	Time frame - short, intermediate, long Level - individual, workgroup, organisational Constituencies - students, teachers, managers
<i>Goal Attainment</i>	Achievement Productivity Resource acquisition Efficiency Quality	Time frame - short, intermediate, long Level - individual, workgroup, organisational Constituencies - students, teachers, managers
<i>Integration</i>	Satisfaction Employee turnover Student absenteeism Conflict-cohesion Climate Open communication	Time frame - short, intermediate, long Level - individual, workgroup, organisational Constituencies - students, teachers, managers
<i>Latency</i>	Loyalty Central life interests Sense of identity Motivation Role and norm congruency	Time frame - short, intermediate, long Level - individual, workgroup, organisational Constituencies - students, teachers, managers

The model is based on the four necessary functions of social systems (Parsons, 1960), and a harmonious integration of the goal and system resource models of organisational effectiveness. Specific effectiveness indicators of achievement of Parsons' criteria are present in the model, as well as three time frames, five organisational levels, and four constituencies applicable to each indicator (Uline, Miller & Tschannen-Moran, 1998). Other researchers included only two organisational levels of effectiveness indicator definition, although some contained a third level (Blom et al., 1986; Schmuck, 1980). Hoy & Ferguson (1985) who encouraged refinement of the model, empirically supported its theoretical formulation.

Operationally, the organisational effectiveness index of Mott (1972) which alluded to Parsons' conception of organisational functioning and studied effectiveness within hospitals, captured both the instrumental and expressive dimensions of organisational functioning contained in the Hoy & Miskel (1996) model (Uline, Miller, Tschannen-Moran, 1998). The overall methodology used to operationalise the model will be discussed in more detail in Chapter 4, Methodology.

In summary, and for the purposes of this Thesis, organisational performance can be viewed as:

the organisation's ability to attain its goals by acquiring and using resources in an efficient and effective manner.

The concept will be measured by using an integrated model of organisational effectiveness and performance, based on the goal and system resource perspectives as developed by Hoy & Miskel (1996) from the work of Yuchtman & Seashore (1967a).

5 STRATEGIC PLANNING

'Planning', 'goals', 'objectives' and 'strategy' (and related combinations of words e.g. strategic planning) are often-used words which mean different things to different people, but are often used interchangeably (Bourgeois, Duhaime & Stimpert, 1999; Capon, Farley & Hulbert, 1988; Collis & Montgomery, 1997; Johnson & Scholes, 1997; Lewis, Morkel, Hubbard, Davenport & Stockport, 1999).

Attempts to define planning span some 30 years. For example, in the early 1970s, Wildavsky (1973) comprehensively compared conflicting definitions and views of planning. The title of his article, "If planning is everything, maybe it's nothing", reflected his conclusion that planning meant so many different things to so many different groups that it no longer had a definite meaning.

To further complicate the issue, many authoritative authors, books and articles published up until the mid 1980s which discussed planning did not directly define the word planning (e.g. Drucker, 1959; Lorange, 1980; Morrison, Renfro & Boucher, 1984; Poulton 1981ab; Schoeffler, Buzzell, & Heany, 1974). In fact Drucker (1959), went so far as to describe what planning *is not* rather than what it is.

As an example of an early definition, Steiner (1962, p.109) defined planning as 'the conscious determination of courses of action to achieve preconceived objectives.' The phrase 'preconceived objectives' seems to suggest that some goal or objective setting exercise should precede planning, and that such activities are quite separate from planning.

By contrast, Rue & Holland, (1989) defined planning as a 'Function of management which involves deciding which objectives to pursue within a specific future time period and how to achieve those objectives' (p.14). And Daft (1997, p.214) referred to the 'act of determining the organisation's goals and the means for achieving them'. In a similar vein, King (1998, p.34) saw planning involving '... intentionally setting goals and developing an approach to achieving them.', as did Robbins, Bergman, Stagg & Coulter (2000, p.10). According to these latter (more representative) notions, planning therefore refers to the determination of ends **and** means. Formulation of ends and means is followed by implementation and evaluation of both in an iterative manner (see Figure 8 on p.24).

Other discourses entail an even more comprehensive picture of planning. Hrebiniak & Joyce (1984) described various kinds of planning (strategy formulation, setting objectives, designing incentives and controls) as a recurring series of activities interspersed with structural design activities. Richardson & Richardson (1992) outlined eight kinds of planning activities that successful organisations are likely to be performing well and which, together, determine the strategic planning focus, and the level of strategic success achieved by an organisation. These were:

- aspirations planning - dealing with stakeholder aspirations
- corporate and competitive planning - aligning the organisation with its markets
- contingency planning - minimising effects of unlikely or unplanned events
- administration planning - coordination and controlling activities
- productivity planning - maintain and improve cost/benefit ratios
- team culture planning - flexible, responsive workforce
- innovation planning - creating and implementing new operations, products, services
- shock event planning - the ability to take advantage of new opportunities/crises

Another comprehensive definition was from Peterson (1980) who looked at planning from the institutional perspective as:

'... a conscious process by which an institution assesses its current state and the likely future condition of its environment, identifies possible future states for itself, and then develops organisational strategies, policies, and procedures for selecting and getting to one or more of them.' (p.143).

Finally, and perhaps definitively, Mintzberg (1994b) comprehensively outlined the developmental history of the term planning in his book *The Rise and Fall of Strategic Planning* and succinctly concluded that planning is '... a formal procedure associated with some articulated result, specifically concerning an integrated system of decisions.' (p.14). This Thesis will adopt Mintzberg's definition of planning, a definition that has formed the basis of many subsequent definitions and descriptions in the literature e.g. Costin, 1998; Harrison & St. John, 1998; Mintzberg & Quinn, 1998.

Formal business planning is largely a post-World War II phenomenon and was adopted by many United States corporations in the 1960s (Capon, Farley & Hulbert, 1988). Beginning in the mid 1960s however, there was an increase in research in the strategic content of company planning, research which was initiated by Ansoff (1965).

During the 1970s, the literature shows much empirical research conducted on the relationship between strategic variables and performance (e.g. Armstrong, 1982). In the literature, there are many industries involved not only in empirical studies but conceptual discussions e.g. not-for-profit and community organisations (Barber & Kelly, 1981), banking (Holmberg & Baker, 1982; Kargar, 1996); and aquaculture (Chaston, 1982). As stated in the previous section, there are good reasons for and against not-for-profit organisations using corporate governance (including strategic planning and organisational performance) techniques.

Since the early 1970s, organisations have generally become more sophisticated in their selection of planning techniques. There is far less reliance on a single technique (such as the growth-share matrix or the experience curve), and a greater willingness to use techniques (such as scenario planning and total quality management) that are less mechanistic in their approach and more sensitive to the critical uncertainty of many of the variables that planning must address (Harrison & St. John, 1998; Phillips, 1996; Bourgeois, Duhaime & Stimpert, 1999).

The many types of planning can be categorised in countless ways (Ansoff, 1984; Bartol et al., 1998; Brock, 1993; Rhyne, 1986; Robbins et al., 2000). The following table (Table 8) attempts to categorise the major types, in conjunction with their respective planning level, time horizon and orientation.

Strategic plans are concerned with the portfolio of businesses owned and operated by the organisation. 'Strategic' involves preparing the best way to respond to the circumstances of an organisation's environment (King, 1998).

The strategic planning level involving top management will be one of the key foci of this Thesis, and the process follows that of Figure 8 (see p.24).

Table 8 *Planning Types*

<i>Planning Activity</i>	<i>Planning Level</i>	<i>Orientation</i>	<i>Time Period</i>
Strategic Plans - e.g. 'What businesses will we compete in?'	Senior Management	External & internal - Whole Organisation	Up to five years ahead (Long term)
Tactical Plans - e.g. 'How will we compete?'	Middle Management	External & internal - Major Divisions and functions	1-2 years ahead (Intermediate)
Operational Plans - e.g. Achieving daily targets	Lower Management	Internal Departments and individuals	Within a year (Short-term)

Researchers have introduced numerous models to help evaluate an organisation's portfolio of business. One of these, the Boston Consulting Group (BCG) portfolio matrix model considers industry growth rate and competitive position (Boston Consulting Group, 1974). Industry attractiveness, business strength and competitive position are used in another portfolio matrix model, the General Electric Business Screen model (Ryans & Shanklin, 1985).

Both of these are popular models used at the strategic level to assist large, multidivisional organisations evaluate businesses in their portfolio. These models help determine what businesses should be expanded, contracted, which should be held, and which should be disinvested, sold or liquidated.

Planning at the tactical level, sometimes identified as the Strategic Business Unit (SBU) level (Bartol et al., 1998; Hekhuis, 1979; Hitt, Ireland & Hoskisson, 1999; Lorange, 1979; Robbins et al., 2000; Sharplin, 1985) is concerned with how to position the business and display its resources to effectively compete in a given industry. The issue becomes one of how to use the firm's distinctive competencies to build and secure competitive advantages.

It is useful to note at this time that for smaller and single product organisations, such as most disability-based organisations (and schools), the strategic and tactical levels are collapsed into a single level. Service and not-for-profit firms can also generally be identified as falling into this category of single product, smaller organisations.

Operational level planning issues are concerned with the coordination and efficiency of the various functional areas, e.g. finance, marketing, operations, and production. The object of planning at this level is to complement and be integrated with planning at the business level (Mintzberg, 1994a; Robbins et al., 2000). Indeed, these three levels, strategic, tactical (or business) and operational (or functional) are also representative of strategy, another aspect of planning, as will be shown later in this section.

These three levels of planning (and strategy) involve three levels of management and at least three time horizons. Planning can cover activities that might be occurring today to those activities that will or might occur some time in the future. In the planning literature, these time scales are usually referred to as short, intermediate or long-term. There are many different views on exactly what periods are covered by these terms. Daft (1997) represented the majority view when he defined the short-term as periods of one year or less; intermediate (or medium term) as one to two years; and long-term as long as five years into the future.

This aspect of time is discussed in the educational literature, and is an important characteristic of the Hoy & Miskel (1996) model of organisational effectiveness discussed in the previous section. The three time periods of short-term, through intermediate, to long-term in the Hoy & Miskel model reflect the same kinds of issues as those held by management researchers.

These three levels of planning also incorporate an internal (efficiency) orientation compared to an external (effectiveness) orientation (Peterson, 1980; Robbins et al., 2000). Based on the notion of management being comprised of the four management functions (Fayol, 1949), it is management's responsibility to coordinate resources in an efficient and effective manner.

Traditional year-to-year budgeting is a basic form of internally oriented planning that is common to many organisations. Richardson & Richardson (1992) referred to such planning as 'administration planning' which is short or intermediate term, while Harrison & St. John (1998) labelled such planning as 'Phase 1' planning with a purely internal orientation.

More contemporary (strategic) planning activities take external factors (such as demographic trends, industry developments, competitors, and political trends) into account in analysing internal strengths and weaknesses (Hofer & Schendel, 1978; Pearce & Robinson, 1997; Robbins et al., 2000; Thompson & Strickland, 1999). Richardson & Richardson (1992) are typical of the literature when they refer to this as 'corporate and competitive planning'.

Again, in educational administration, the short-term planning such as that necessary for the end of a school year is essentially an inward, operational orientation, as compared to declining enrolments and consolidating small schools which is primarily external and more tactical in nature (Hoy & Miskel, 1987).

According to Glueck et al. (1982), strategic development has followed four discrete phases. Strategic management is at one end of the continuum, and budgetary control the other. Budgetary control that began in the early twentieth century evolved into long range planning (LRP) during the 1950s. However, LRP is now inadequate for strategy formulation due to the past being used to predict the future by extrapolating current operations. Important questions regarding the future scope of the organisation's activities would consequently go unanswered, a critical error, particularly in an era of discontinuity (Limerick, 1992) as discussed on page 2. Efficiency would override effectiveness in this scenario.

As previously stated, formal business (strategic) planning, the third phase, is largely a post-World War II phenomenon and was adopted by many United States corporations in the 1960s (Capon, Farley & Hulbert, 1988). As operating environments became hostile, the technique was imported into European companies in the 1970s and 1980s. However, by the end of the 1980s, strategic planning began to fall out of fashion for several reasons. Wilson (1994) termed these reasons the seven deadly sins of strategic management. Lorange & Vancil (1977) however supported the identification of strategic planning as a process by differentiating it from a system or structure. They felt that effective strategic planning must be unique to the corporate environment in which it resides and must be evolutionary and adapt to changes in the firm's external environment.

The fourth and final phase is strategic management (Glueck et al., 1982). The thrust of strategic management is somewhat different from other aspects of management, and strategic planning (Ansoff, 1987). The differences may be summarised so that strategic management is not only concerned with taking decisions about major issues facing the firm, but also with the actual implementation of the desired strategy e.g. who will do what. Phase IV therefore signals the merging of strategic planning and strategic management into a single process.

In the literature, strategic planning and strategic management mean different things to different people, and the words are often used interchangeably. Robbins et al. (2000) saw the strategic management process as an eight-step process that involves *strategic planning* (my emphasis), implementation and evaluation. Bartol et al. (1998) also saw the strategic management process as involving strategic planning, with an important outcome of the process being a strategic plan. Johnson & Scholes (1997) classified strategic planning as a type of management style, whereas strategic management in essence was the process of strategic decision making. Lewis et al. (1999) did not distinguish between the two terms, nor did Costin (1998).

A distinction is sometimes made on the grounds that the 'strategic planning' process must in itself be 'managed'. For example, the data from recent Australian longitudinal studies by Bonn & Christodoulou (1996, 1998) showed that '...strategic planning systems played an integral part in the strategic management efforts of large manufacturing companies.' (my

emphasis – p.543). In his latest book, Mintzberg argued that strategic planning, as it has been practised, has not really been that useful and that it has been over-managed (Mintzberg, 1994b). The Australian study, by way of contrast, found that successful Australian companies had actually improved the flexibility of their planning systems, and decentralised the responsibility for planning (Bonn & Christodoulou, 1996).

In accordance with the Glueck et al. (1982) model, this decentralisation of responsibility to line and staff managers has resulted in the 'new' term - strategic management - emerging from what was previously a top-down strategic planning process. Strategic management therefore is taken to integrate strategic planning and strategic management into a single process (Bateman & Zeithaml, 1993; Montanari et al., 1990; Thompson & Strickland, 1999).

According to Wilson (1994, 1998), strategic planning has changed dramatically since its inception. Having survived its original design flaws, it has evolved into a viable system of strategic management (or strategic thinking). In an effort to be more specific about the nature and extent of these changes, Wilson surveyed nearly 50 corporations in a variety of countries and industries to determine their current practices and the changes that had occurred over the past 5-7 years. Among the more notable and important changes were a marked shift of planning responsibility from staff to line managers; decentralisation of strategic planning to business units (though corporate-level components retained key responsibilities); and vastly increased attention to the changing market, competitive and technological environment. The notion of strategic management again comes through strongly in Wilson's research.

Perhaps Wilson's (1994) most provocative finding, however, was the growing emphasis on organisation and culture as critical ingredients in the execution of strategy. This change represents a recognition that the values, motivation, and behaviour of the organisation's members are critical determinants of corporate performance and so of success or failure in implementing strategy.

For the purposes of this Thesis, strategic planning, incorporating strategic management, will be regarded as a specific type of planning, incorporating the identification of goals and objectives, and the formulation and implementation of strategies. Strategic in this sense means taking a longer-term view, looking at the bigger picture, and including those factors and forces internal and external or outside an organisation's control (see Figure 8 on p.24). The root of the word 'strategic' is a Greek word relating to the art of generalship or being a general (Costin, 1998). Strategic therefore means of great or vital importance within an integrated whole which suggests that strategic matters may extend far down into an organisation, although they are probably concentrated at the top management level (Bower, 1982; Shirley, 1982).

Figure 8 highlights the basic relationships which most strategic planning models contain (e.g. Bateman & Zeithaml, 1993; Bartol et al., 1998; Daft,

1997; David, 1995; Mintzberg, 1994b; Montanari et al., 1990; Pearce & Robinson, 1997; Robbins et al., 2000; Rue & Holland, 1989; Sharplin, 1985; Thompson & Strickland, 1999).

The formulation and implementation steps of Figure 8 require that long-term goal and strategies are developed and then implemented through progressively shorter-term subgoals and objectives, budgets and policies. Individually, and together, it is the existence of such characteristics that enable the researcher to determine the degree of intensity or formality of the strategic planning system.

Although strategic planning is a key concept in management research, there has been little consistency in its conceptualisation or measurement (Boyd & Reuning-Elliott, 1998). Inattention to construct measurement is a major impediment to the advancement of the strategy field (Snow & Thomas, 1994), and limits the generalisability and comparability of research studies.

Apart from the inconsistency of approach (Venkatraman & Grant, 1986), the problems generally relate to an almost exclusive preoccupation with financial payoffs from planning (Kargar, 1996; Ramanujam & Venkatraman, 1987a) and an inadequate treatment of the breadth of the planning construct which varies from unidimensional to multidimensional and from interval to ordinal categories (Boyd, 1991; Pearce, Freeman & Robinson, 1987). Also, most of the studies did not report tests of the reliability or validity of their measures, nor did they balance precision with parsimony (Boyd & Reuning-Elliott, 1998).

Distinguishing the degree of planning activity has been difficult for researchers seeking to measure the impact of planning activity on financial performance. A review of available empirical studies disclosed conflicting findings in the planning evaluation area.

Wood & LaForge (1979) attempted to resolve these problems with their study of service firms only. First they developed a scale to measure planning activity and analysed it according to the Guttman (1944) Scalogram-Analysis Procedure. They felt it met the criteria for a Guttman scale. The questionnaire was mailed to 150 of the largest, domestic, non-related, non-special purpose banks in the 48 contiguous states and the District of Columbia. They found that the sample banks that engaged in comprehensive, long range planning significantly outperformed those that had no formal planning system. Planners also outperformed a randomly selected control group.

Empirical studies in small firms have generally employed single dimension measures such as the presence or absence of planning, or its degree of formality. As discussed previously, these notions are inconsistent with the multidimensional nature of planning systems that is prevalent in the general strategic planning literature (Dyson & Foster, 1982; Kargar, 1996; King, 1983; Kukalis, 1991; Lorange, 1979, 1980; Ramanujam & Venkatraman,

1987a; Rhyne, 1987; Veliyath & Shortell, 1993). This failure to distinguish between performance-related characteristics of the planning process associated with performance from organisation to organisation has been seen to be responsible for some of the inconsistencies in the research (Armstrong, 1982).

Although many strategic planning system characteristics have been presented in the literature, no consensus seems to exist. For example, many researchers have developed a wide range of indicators intended to reflect how closely a firm's planning activities reflect those developed by normative strategy literature such as shown in Figure 8, and how formal or important those indicators are (e.g. Pearce, Freeman & Robinson, 1987).

Other studies have measured planning as skills and abilities. For example, Ramanujam & Venkatraman (1987b) proposed six dimensions of planning systems: use of techniques, attention to internal facets, attention to external facets, functional coverage, resources provided for planning, and resistance to planning.

In another attempt to categorise strategic planning systems, Veliyath & Shortell (1993) identified five dimensions: planning implementation, market research competence, key personnel involvement, staff planning assistance, and innovativeness of strategies. However, these studies focused on large firms.

And in a 1996 study of small banks, Kargar used five strategic planning system characteristics: the degree of internal orientation of the system, the degree of external orientation of the system, the level of integration achieved within functional departments, the extent of key personnel involvement in the planning process, and the extent of use of analytical techniques in addressing strategic issues. This present study will incorporate the latter characteristics. The characteristics are described in more detail in Table 9.

For the purposes of this Thesis then, the following definition of strategic planning has been adopted:

The process of evaluating and reassessing current and future strategies based upon threats and opportunities in the firm's environment and analysing the firm's resources and capabilities to determine how best the firm can meet threats and take advantage of opportunities.

This definition is consistent with the work of others (e.g. Daft, 1994; Harrison & St. John, 1998; Lorange & Vancil, 1977; Thompson & Strickland, 1999) because it includes an internal and external orientation, a proactive perspective from formulation through evaluation, and deals with a firm's behaviour in response to its environment, for example, the way the firm responds to its competitors. It is also consistent with the adaptation criteria of the Hoy & Miskel (1996) integrated model of organisational performance.

Table 9 *Dimensions of strategic planning systems*

Characteristics	Description	Supporting literature
<i>Attention to internal factors</i>	Internal analysis of performance including strengths and weaknesses	Camillus & Venkatraman (1984); Chakravarthy (1987); Grant & King (1982); Harrison & St. John (1998); King & Cleland (1978); Lewis et al. (1999); Lorange & Vancil (1977); Robbins et al. (2000); Steiner (1979); Stevenson (1976); Andrews (1971); Lewis et al. (1999); McDaniel & Kolar (1987); Pearce & Robinson (1997); Ramanujam et al. (1986a); Robbins et al. (2000)
<i>Attention to external factors</i>	External analysis of performance including opportunities and threats	Snow & Hrebiniak (1980); Veliyath & Shortell (1993) Hitt, Ireland & Palia (1982); Hitt, Ireland & Stadler (1982); Lorange (1980); Snow & Hrebiniak (1980); Thompson & Strickland (1999); Ramanujam et al. (1986a); Ramanujam & Venkatraman (1987b)
<i>Functional integration</i>	Integration of individual functions into holistic management perspective	Govindrajan (1986); Kukalis (1991); Mowday et al. (1982); Ramanujam & Venkatraman (1987b); Steers (1977); Swieringa & Moncur (1974); Veliyath & Shortell (1993)
<i>Key personnel involvement</i>	Extent of management and Board of Management involvement in planning processes	Frederickson (1984); Grant & King (1982); Hax & Majluf (1984); Hofer & Schendel (1978); Ramanujam & Venkatraman (1987b)
<i>Use of analytical techniques</i>	Degree to which planning techniques are used in problem solving	

6 CONCLUSION

This Chapter was essentially one of definition and explanation, and set out to facilitate an understanding of the research setting for the Thesis, as well as providing clarification of the specific nature and meaning of the three constructs involved in the Thesis – education and training, organisational performance, and strategic planning.

The next Chapter, Chapter 3 contains a literature review focussing on the broad issues of education and training, strategic planning, and organisational performance as they relate to the three research questions.

This literature review is structured around the three research questions:

What relationship exists between education and training levels of top management teams and organisational performance in disability-based organisations?

What relationship exists between education and training levels of top management teams, and strategic planning processes and systems in disability-based organisations?

What relationship exists between strategic planning and organisational performance in disability-based organisations?

As previously stated in Chapter 1, no empirical research on the link between education and training of managers, and strategic planning or performance at an organisational level has been conducted to date in the research setting for this Thesis, the disability sector (p.4). Of the studies that have been conducted in other sectors, few concerned not-for-profit organisations and none used a multidimensional measurement of performance such as that described previously in Chapters 1 and 2 (see p.10 and p.44 for example).

Because of the lack of sector specific research, this literature review will approach each research question as a separate issue, incorporating literature from a number of disciplines.

The review commences with research question 1 and examines the link between education and training and performance, before discussing theoretical approaches to the issue, the influence of top management on organisational performance, transfer of training, and finally the learning organisation.

Research question 2 then examines the literature on the link between education and training of managers and strategic planning processes and systems. Finally, research question 3 is discussed. The literature that relates to this question reviews the impact of strategic planning on organisational performance, incorporating separate sections on not-for-profit and small firms.

The Chapter then concludes.

1 WHAT RELATIONSHIP EXISTS BETWEEN EDUCATION AND TRAINING LEVELS OF TOP MANAGEMENT TEAMS AND ORGANISATIONAL PERFORMANCE IN DISABILITY-BASED ORGANISATIONS?

No empirical research on the link between education and training of managers and performance at an organisational level has been conducted to date in the research setting for this Thesis, the disability sector. In the not-for-profit sector generally, research relating to the education of not-for-profit managers and any effects on organisational performance has also been relatively untouched, although the topic continues to grow in interest in the United States and elsewhere (Young, 1997).

Buetow (1979) and Wortman (1988) have noted that not-for-profit organisations face similar management problems to for-profit organisations (mentioned in Chapter 1 – see p.2 onwards), including administrators who are technically well educated in a given professional area (e.g. social work) but who have had little or no managerial education. Such problems have traditionally been handled on a short-term operating basis (for example by merely fixing the immediate problem rather than seeking to ensure the problem does not reoccur), and in Australia, with little regard to the strategic (long-term) nature of management development (see p.2) and the consequent performance effects on the individual and the organisation.

1.1 Education and training and performance

The relationship between education and training of managers and organisational performance is based on the premise that education and training affects the performance of managers as individuals through (preferably) a positive transfer of training and, eventually, the performance of their organisations, and the country in which they live and work. As previously mentioned (see p.2), this link between education and training and national competitiveness is intuitively appealing. However ‘... if the nation’s current strategic and other deficiencies ... [are] to be remedied.’ (Beazley, 1992), it is at an individual and organisational level that managers must firstly perform.

The primary emphasis in this research though will be on the relationship between the education and training of managers and performance at the organisational level. Unfortunately, research into training is most deficient at the level of the enterprise (Billett, 1995; Smith, 1998), perhaps because enterprises themselves have little interest in identifying detailed information (cost-benefit analysis) about returns on investment in training (Billett & Cooper, 1997). A further cause may be found in a comprehensive literature review commissioned by the State Training Board of Victoria (Mission, 1998) which concluded that, although training can indeed have a significant positive impact on productivity, measuring the impact is problematic.

As will be discussed in more detail under the heading of theoretical approaches to training and education and performance (see section 1.2 on p.71), the link between training and education and higher levels of productivity, competitiveness and income has not been universally accepted or demonstrated however, and has been challenged by a number of empirical studies.

1.1.1 Education and training and individual performance

As discussed on page 2, generally the link between education and training as a major contributor to enhanced performance at the three levels of individual, organisational, and national, has been established, albeit with some qualifications. For example, in a comprehensive review of the literature linking education, training and growth, Maglen et al. (1994) found that the evidence did not support the view that *every* investment in education would result in improvements in personal productivity, but that training had been shown to have an impact on employee productivity.

At the individual level, a small number of studies have found a link between education and individual productivity. Schultz (1960) regarded education as a form of investment, and saw education as a catalyst which had an important effect on improving U.S. worker productivity in the post World War II boom. Also, studies by Bishop (1991, 1994a), Doucouliagos & Hopkins (1993), the Karpin Report (1995), Guzzo, Jette & Katzell (1985), OECD (1994, 1997b), and the World Bank (1995) all support the relationship.

Much of the research on this topic has been conducted in the agricultural sector, where generally education was found to have a positive effect on productivity (Lockheed, Jamison & Lau, 1980).

Recent OECD studies have also found that better educated individuals have higher participation rates, lower unemployment, and higher earnings (OECD, 1995, 1997a), and Coopers & Lybrand (1996) found that staff training brings returns in the areas of (amongst others) worker productivity, workforce flexibility, and quality of output. The findings of this latter study may have important implications for this current research, as those aspects of the Coopers & Lybrand improvements are included in the measures of organisational performance used in this research.

1.1.1.1 Education and training and managerial performance

From a management education and development perspective, the Ralph Report (1982), the Australian Mission on Management Skills (1991) and the Karpin Report (1995) all stated clearly that Australian managerial effectiveness would be enhanced by high-quality management education, thereby enhancing organisational performance.

Barry et al. (1995) summarised succinctly the early developments in Australian management education and the various Committees of Inquiry, and

concluded that the findings of the latest inquiry, the Karpin Report (1995), may well go the way of its predecessors and receive inadequate attention in so far as implementation is concerned. Of particular interest is their conclusion that:

. . . As in most nations, on-the-job-experience is still the main route to a management position with the typical manager spending, on average, about six days per year on formal education and training.

Such a low level is typical of the non-government disability sector in Victoria based on a 1997 study of managers in the sector (Griggs, 1997, 1998ab). However, since 1979 a number of training and education providers have addressed the challenge of satisfying the real needs of owner/managers for entrepreneurial and managerial skills training, and are making a substantial contribution to improving the quality of managerial performance in Australia (Department of Workplace Relations and Small Business, 1997).

Despite being generally critical of the performance of Australian managers, the normative relationships between education and training and management development, planning, and organisational performance as described by the Karpin Report (1995) were:

- *enterprise best practice management development strengthens enterprise competitiveness; (my emphasis)*
- enterprises using information about what constitutes best practice in management development will enhance their own management development practices;
- *enterprises wishing to become 'learning organisations' will make progress by implementing best practice management development; (my emphasis)*
- publicising best practice management development at the national level by way of published case studies, seminars and workshops will assist enterprises to understand and implement its key elements; and
- the Best Practice Demonstration Program will itself be enhanced if greater emphasis is placed on management development as one key component of enterprise best practice. (p.278)

The ability of managers to manage enterprises flexibly and to achieve world best practice standards therefore impacts at a micro (organisational) and macro (national and international) level.

As previously stated in Chapter 1 (see p.2) however, the thrust of the Karpin Report's (1995) findings accord with other researchers who have concluded that Australian management education is ineffectual and does little to contribute to individual and organisational effectiveness (Billett & Cooper, 1997; Delahaye, 1990; Mission, 1998; Mukhi, 1982; Smith, 1989).