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Organisational Change in the Third Sector and Implications for Organisational Networks

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Abstract

This paper reports an action research study in which we explore the problems of organisational change within a large non-profit organisation – a so-called "third sector" – organisation. We focus on the mutual interaction of an organisational change initiative and the motivation of the workforce. We review the nature of the social service delivery sector, of which the focal organisation is a part, and develop, in the context of this study, an analogy with the class of systems described as organisational networks. We argue that the findings from this study may be expected to have application in organisational change within organisational networks, generally.

Keywords: Organisational Change, Non-Profit, Organisational Network, Action Research, Crowding Effect, Intrinsic Motivation

1 Introduction

The internationally pervasive move towards outsourcing non-core business, in evidence over the last few decades, has been embraced not just by corporations but also by governmental administrations and the non-profit (the so-called "third") sector which forms the subject of the study reported in this paper.

The non-profit sector worldwide is undergoing change that must occur if it is to successfully compete in the market-place and thus grow (Ryan, 2002; Soltani et al., 2007; Denison and Johanson, 2007). For non-profit organisations (NPOs) change is brought about by a number of factors: increasing competition with corporations in the competitive tendering process; Government contracting that involves reporting requirements' becoming ever more stringent; and the widening needs of that section of society they serve (Milligan, 1998; Ryan, 2002; Soltani et al., 2007) – and all under the impact of the current worldwide economic climate.

Introducing ICT as a tool to NPOs and expanding its use within them is an ever-more-frequent response to meeting these changes; its implementation has the potential internally to reshape them and enhance their interactions, and externally to improve relationships with funders, donors and clients (Klemz, Simon & Kumar, 2003).

A study conducted within the Victorian Government's Department of Human Services in the late 1990s and publically reported, in part, in Fowler, Swatman & Castleman (2004); Castleman, Swatman and Fowler (2005), explored the impact of a whole-of-Government policy in favour of outsourcing service delivery. The outcomes of that study included the observation that information silos – organised around the delivery of services to the disabled under each particular scheme – pervaded, and had become entrenched within, the Government Department. This had resulted in a series of essentially independent information systems, one for each support scheme, and great difficulty in integrating data held across the organisation so as to offer other perspectives (eg client-centric or department-centric) on the organisation. The authors argued for a level of inevitability (in the absence of specific ameliorating action) in the development of these silos. They suggested that the clear identification – and promotion in the public domain – of specific outcomes arising from funding initiatives (in the form, eg: "…*450 wheelchairs were provided to disabled Victorians in 19nn as a result of the initiative by...*") are seen by Ministers as career-optimising.

Irrespective of the drivers within Government, it seems that outsourcing of social services – certainly in Australia – has led to the formation of an archetypal organisational network. The core of the network is governed by contract based links. These links are documented in contracts between Government departments and social service providers but, in practice, result in a much finer and more complex web of linkages between funding "schemes" and service delivery groups within social service provider organisations. A side-effect of governmental policy in this respect has been the internal Balkanisation of major social service suppliers

In the current study, which might be seen as extending the research which Swatman, Fowler and Castleman began, the focus has shifted from that of the Government Department at the centre of a web of supplier organisations to that of a large-scale supplier of social services ("the Charity") at the centre of a web of diverse, semi-autonomous in practice (though not *de jure*) social services delivery groups, each based around a unique series of individual contracts linking the group to a funding area within a Local, State or Federal Government Department. The resulting organisational problem within the Charity, however, is curiously similar to that found by Swatman, Fowler and Castleman: functional information systems (excluding, eg finance, human resources) are overwhelmingly based around funding programmes. In consequence, social service supplier organisations – exemplified here by the Charity – have each become, in most practical respects, an organisational network which finds it difficult to gain an organisationally integrated view of its functional activities.

The structure of the workforce further reinforces the view of organisations exemplified by the Charity as "virtual" organisational networks. Interviews we conducted in profiling the Charity, prior to the study reported here, indicated that, for many, their employer was not "the Charity" but rather (eg) "XXX Nursing Home" – a surprising fraction of the workforce was unaware that their particular service delivery group was a part of the Charity.

The Charity, then, forms a seductive opportunity for our study – on the one hand we have a network of effectively independent but collaborating organisations while, on the other, we have a central body capable of agreeing on a conceptualisation of a "problem" and resolving to undertake associated organisational change. The research team, therefore, has the ongoing

opportunity to gain a rich understanding of the organisational change process within such networks with potentially wide applicability.

1.1 Structure of Paper

At an abstract level, the aim of this paper is an exploration of ICT-enabled organisational change in an organisational network, undertaken through the study of a specific ICT-enabled organisational change project within the Charity. The paper is structured as follows:

- We have justified, above, the selection of the Charity as a surrogate for an organisational network and established its special characteristics and the importance of these characteristics for the general case;
- We describe and justify the empirical research design – an action research study in which the researchers were embedded within and, indeed, guided the Charity's organisational change team. Drawing on the literature, we will describe;
    - o   the nature of the social services delivery sector as an example of the non-profit sector; describing and justifying the theoretic basis for our study – the framework of ideas "F" – and exploring the community's current understanding of issues surrounding organisational change in this context, and
    - o   The approach which has been taken to organisational change within the Charity; and the organisational change initiative in which we have applied this method ("M" and "A" respectively, in the language of Action Research).
- We then describe and analyse the empirical work; and finally,
- We summarise our findings and their implications and conclude with an outline of the research programme which arises from the work reported here.

2 Research Design

2.1 Action Research

Social psychologist Kurt Lewin first coined the phrase "action research" in his 1946 paper "Action Research and Minority Problems" (McTaggart, 1991). Lewin, who was interested in human groups and their dynamics (Checkland & Holwell, 1998) had developed this term for use as "research that was designed with action in mind" (Helms-Mills et al. 2009) and he used this to facilitate social change. Action research is designed to be cyclical in nature, and although several different models have evolved over the years generally it consists of *planning, acting, observing* and *reflecting (evaluation)* (McTaggart, 1991; Helms-Mills et al. 2009).

Checkland argues that action research neglects the "need for a declared-in-advance intellectual framework of ideas" (Checkland & Holwell, 1998) and so developed a diagram demonstrating the activities involved in action research and later refined to 'any research' (West & Stansfield, 2000). Checkland's diagram outlined the researcher's framework of ideas (F) being used in a methodology (M) to investigate some area of concern (A), (Checkland & Holwell, 1998). From this diagram Checkland went on to create the "Cycle of Action Research", where lessons can be gained by concentrating on research themes. Figure 1 illustrates Checkland's conceptualisation.
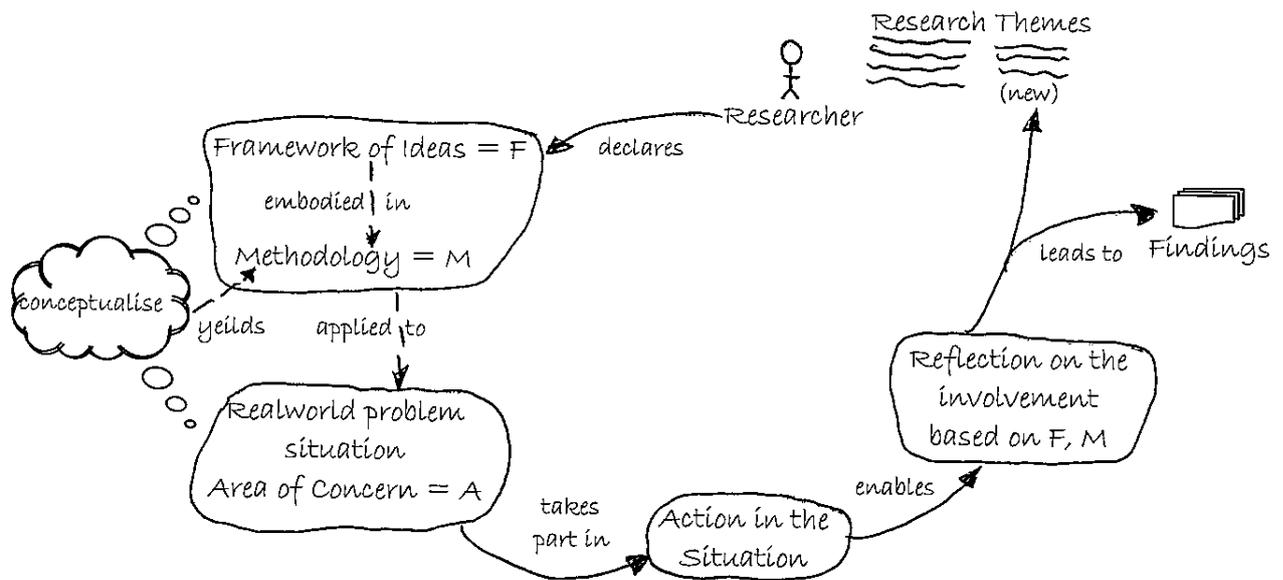
Figure 1: Checkland's view of Action Research (adapted and synthesised from various illustrations in Checkland 1985, 1991a, Checkland & Holwell (1998)).

The action research approach was selected for this project because:

- The study is exploratory. It was not feasible to find a "real world" case study to analyse as an "external observer"; and an experimental design would not have allowed the emergence of unexpected outcomes from what is a poorly understood contextual matrix (in an experimental study, it would have been necessary to stipulate the contextual matrix). Thus some form of participant study in the field was called for;

- Because facilitation and enabling change was undertaken by the researcher, the intervention offered sufficient flexibility to explore emergent issues;

- The intervention which took a form very similar to a conventional consultancy resulted in a closely replicable change management process, thus it would be feasible for the study (within the normal limits inherent in field work) to be replicated; and

The participant study designed was ethical because:

- The intended primary practical outcome (which was, in fact, achieved) took the form of the implementation of a (desired) document management system in the pilot area within the Charity, thus, from an organisational management perspective, improving the problem situation;

- The intended secondary practical outcome (also achieved) took the form of a significant level of ownership of the changed situation by the affected actors;

- Critical knowledge of the problem situation and of the Charity was gained and shared.

Throughout the project a participatory action research approach (drawing on, eg, Puri and Sahay (2007); Wagner and Piccoli (2007)) has been taken. Moreover, the researcher paid particular attention to the social context in which the document management system was being implemented.

In the approach outlined above the actors directly affected were encouraged to take ownership for the design, resulting in less resistance to change, more commitment to the project and increased job satisfaction (Wagner and Piccoli, 2007). We wanted, particularly, to explore through this study whether the tension between the introduction of more formalised systems and the intrinsic motivation of the workforce in NPOs (highlighted in Benz (2005)) is characteristic – or, whether organisational change can lead to increased intrinsic workforce motivation.

2.2 Towards a Theoretic Framework: Defining "F"

2.2.1 Non-profit sector

The exceptionally diverse non-profit sector is also known as the not-for-profit, the community or the voluntary sector, the civil society, the social economy, charitable organisations, non-government organisations and (the term which we adopt in this paper) the third sector (Salamon et al., 2004; Morris, 2000; DCITA 2005).

It is important, when analysing the literature, to understand just how broad the third sector really is. Staples (2008), points out, that whilst some researchers limit their focus to, say, the social services sector, it is common to allow the reader to infer that they are discussing the much broader area of the third sector. In this paper, we wish to be clear – our focus is on that part of the third sector which comprises the social services sector. The most comprehensive worldwide study of the non-profit sector, the Johns Hopkins Comparative NonProfit Sector Project gives a definition of an NPO which focuses on five structural-operational features (Salamon et al., 2004):

1. Organised – some type of structure and regularity exists, whether formally or informally;

2. Private – although not part of the state sector, they may receive support from governments;

3. Not profit-distributing – do not distribute profits and are not primarily commercial operations;

4. Self-governing – governance is internal and they can cease operations under their own authority; and

5. Voluntary – membership or participation is voluntary.

Virtual organisations/organisational networks (especially those which exist within open communities, eg Wikipedia, open source) share many of these characteristics. Because our analysis of the underlying case is framed to develop results which are consequential upon these characteristics, we can anticipate that our results are likely to be transferable and applicable to the important class of virtual organisations and organisational networks.

2.2.2 Changing face of the Third Sector

The growing dependence of NPOs on Government funding, along with increased competition from private organisations, based on contracting, through arrangements such as Service Agreements (Milligan 1998; Kramer 2000; Considine 2003) brings with it the added responsibility of governmental monitoring, evaluation and oversight (Milligan, 1998; Ryan,

2002, Soltani et al., 2007). As a result many NPOs have been forced to develop an ICT capacity in order to enter a partnership with Government and receive funds for the provision of a community service (Denison and Johanson, 2007).

Increasingly NPOs are hiring consultants to assist and facilitate in the process of their organisational development changes. There seems to be a higher than usual consultation process and staff participation in decision-making processes, which can lead to organisational change processes becoming political or contentious in nature (Chapman 1998). This more extensive than usual consultation process allows the facilitator of change to gain a multi-perspective view of the problem situation which is important for two reasons;

1) Highlights the perception that the problem situation is not experienced in isolation by each service delivery group, rather the problem exists within the Charity as a whole, possibly affecting each area differently, and
2) It maintains and increases intrinsic motivation by way of participation in the project.

2.2.3 Motivation Crowding Theory

People working or volunteering within NPOs typically exhibit high levels of intrinsic motivation (Benz, 2005; Yeung, 2004), and NPOs rely on this motivation to play an important role in their workforce's effectiveness (Leete, 2000; Frey & Jengen, 2001; Benz, 2005).

A feeling of satisfaction or achievement arising without obvious external incentives comes from within a person. When the reward for undertaking an activity is the activity itself, as occurs in volunteering, we describe motivation as intrinsic. In contrast, extrinsic motivation comes from outside the person, typically via monetary or regulatory reward or penalty [Frey, 2000]). Both intrinsic motivation and external interventions can shape people's behaviour (Frey, 1994; Frey, 2000).

Frey & Jengen (2001) use the term "crowding-out" to describe the following effect: if people perceive external influences to be controlling them, these external influences tend to *crowd-out* their intrinsic motivations. Alternatively, we see the terms: Motivation Crowding Theory (MCT) also known as *Cognitive Evaluation Theory* (Frey & Jegen, 1999; Frey and Stutzer, 2006).

According to Frey (1997), intrinsic motivation is valuable to an organisation even though it is costly and fragile; and NPOs may have a competitive advantage in motivating and satisfying their workers by offering a workplace producing goods or services in which employees can find intrinsic value (Benz, 2005). Benz (2005) goes on to outline the characteristics of an intrinsically-motivated workplace as one offering employees more autonomy, task variety and a greater perceived influence on their jobs, supported by Leete (2000). At the same time, Frey takes into account the disciplining or (generalised) relative price effect on behaviour normally considered in economics (Frey, 1997), but it is to be noted that the crowding theory does not take into account the effect on behaviour, only on motivation.

Frey & Jegen (2001) offer a survey of the empirical evidence of the existence of crowding-out (and crowding-in), and go on to argue that the crowding effect is an empirically relevant phenomenon in the social sciences, despite criticisms and scepticism about relevance – often the reason for scholars not pursuing the analysis. They argue that the empirical evidence collected supporting crowding effects is wide-ranging, in that it has been collected in many different countries over various time-periods, in a variety of economic and societal areas. There have been many studies in various fields, including psychology, sociology and

economics — economists, whilst agreeing that intrinsic motivation exists and indeed plays an important role in the economy and society (Frey & Jegen, 2001) do not pursue it because it is difficult to analyse and control (Osterloh & Frey, 2007; Frey & Jegen, 2001) – into worker motivation and the crowding-out effect (Frey & Jegen, 2001; Leete, 2000).

Frey & Jegen (2001) concede "it is difficult if not impossible to determine which parts of an employee's motivation to perform his or her job are intrinsic and which are not" but observations from our empirical study in the NPO suggests MCT can play a significant positive role in implementing organisational change through a 'motivational spill-over effect' (where the effect of motivational crowding theory spreads to other areas, even when the external intervention has not been applied in those areas (Frey, 1997)).

2.2.4   Summarising "F"

The third sector – and especially the social service delivery sub-sector – forms, in its own right, an interesting and important domain for the study of ICT enabled organisational change. We have argued above that it also forms a surrogate for the study of organisational change in organisational networks.   The primary focus of this study relates to the interrelationship between effective organisational change and maintenance and/or enhancement of the intrinsic motivation of the workforce in a third sector organisation (generalisable to the participants in an organisational network). Key aspects of the developed framework of ideas which guides our research then include:

- The importance of ICT-enabled organisational transition;
- Multiple (potentially both contradictory and equally valid) perspectives on the problem situation and on both the desired transition and the process of transition; and
- The fragile, but important, intrinsic motivation of the workforce.

Whilst MCT has been discussed in organisational settings and in voluntary areas, it has not been used as a basis for implementing participatory organisational change, particularly in the non-profit sector; nor has it been discussed how intrinsic motivation can drive organisational change, or, how organisational change can enhance (crowd-in) intrinsic motivation.

2.3   The Empirical Work: Defining "M" and "A"

2.3.1   Soft Systems Methodology

The Framework of ideas which guides this research suggests that Soft Systems Methodology (SSM), which is suitable for exploring people-centred problems that do not respond well to methods underpinned by goal-seeking models from management science literature (Checkland, 1999; Mingers, 2000; Jackson, 2003).

SSM was seen as an appropriate methodological base for intervention in and study of NPOs, particularly in view of the higher than usual consultation process and staff participation in organisational change that occurs within them (Chapman, 1998). SSM has previously been demonstrated as an effective tool in the study of NPOs and action research (Shalhoub & Qasimi, 2005; Bhattacharjya & Venable, 2006a; 2006b, 2006c). In this study, SSM – enhanced with greater than usual and more explicit attention to user involvement and change ownership development – forms "M" and has been used as a base to explore the whole process of the interaction of the nature of organisation change and the motivation of the workforce.

2.3.2   The Organisational Change Context

The context for our intervention is the Charity. Some years before this study, the Charity had undertaken an extensive organisational assessment (following a well respected organisational quality methodology) which revealed significant weaknesses in information and knowledge management. Resolution of these issues had been identified as strategic priorities, but a subsequent organisational quality assessment once again highlighted information and knowledge management as key organisational weaknesses. Internal efforts to resolve the weakness had proved ineffective.

The researchers formed part of an external team which subsequently reviewed both the Charity's information and knowledge management strategy (and the concrete implementation of that strategy) and the organisational change initiatives which had taken place subsequent to the initial identification of the organisational weakness. Interactive discussions were held at all levels within the organisation as a part of this process, and the study led both to framing the problem as we have described in Section 2.2 above and to the development of an organisational change plan.

It was recognised, very early that methodologies for ICT-enabled organisational change in the third sector were in their infancy – but a number of issues were clearly identified:

- The literature generally suggests that, in this sector the goodwill of the workforce is of paramount importance – both the literature and the Charity's earlier experience suggests there is a real risk that organisational change could be a technical success "...but the patient could die"; and

- There are many stakeholders whose interests are often in conflict. A simplistic example: each (typically governmental) funding scheme supports a variety of social service delivery organisations: there is a clear benefit if all funding recipients report to the same schedule in the same form. From the Charity's point of view, it would be helpful if each service was administered in as similar way as possible (to support integration of information across the Charity). From a counsellor's point of view, each information collection (while being "natural") should also be flexible enough to suit the needs of each particular client interaction.

A primary aim of the contextualising consultancy project – a goal which we substantially achieved – was to develop enthusiasm for the change within the workforce through extensive user involvement. The project which forms the basis of the study reported here (our domain of action "A") – a pilot within the overall knowledge and information management programme – was heavily over-subscribed and we had the luxury of choosing amongst a set of enthusiastic departments with which to work. We chose the department "Youth Services" which is responsible for providing social services to young people – children and adolescents.

3   The Study

3.1   Analysis

Initial data collection took the form of informal group and individual conversations, semi structured interviews and a document analysis allowing the researcher involved to develop a rich understanding of the problem situation for interpretive analysis and to develop a

relationship with staff from the various programmes through building trust. The initial one-on-one and group semi structured interviews and informal conversations were conducted between March and May 2008 with various members of management and other key staff from within Youth Services and other key areas within the organisation. 13 staff members were interviewed with some staff interviewed more than once. Documents gathered and used in the analysis included, the organisation's Self Assessment document from the November 2007 organisational quality assessment, the Leadership Forum document from March 2008, strategic plans, business plans, various policies and procedures, IT infrastructure plans, annual report and the organisational chart. One researcher was also invited to take part in various induction processes within the organisation, thus further embedding herself.

Trust was built between the researcher and Youth Services staff through one-on-one and group conversations allowing participants to speak freely and confidentially to the researcher, not just about the problem situation but also about the organisation and its culture as a whole. The researcher was able to gain a rich and multi-perspective appreciation of the problem situation. This part of the analysis process gave the participants a greater perception of influence – in addition to actually *having* a substantial influence – on this aspect of their job, and we saw a strengthening of an apparently intrinsic motivation to participate in the project.

Youth Services had recently undergone a significant turn-over of staff, which was one of the reasons the group volunteered to take part in the study. Staff members' jobs had been altered within the pilot study area, some had been promoted and others, such as counsellors and social workers had been moved to different programmes within the department. Moving from one programme to another within the department proved emotionally problematic for some staff highlighting both the "localised loyalties" (to programmes) of many staff members and the fragmented nature of administrative and information systems within Youth Services – and, we believe, within the Charity as a whole. We noticed categorical differences in the perception of change and in motivation of staff: between younger and older members of staff, and between new and long-term staff. This impacted on the informal influence relationships amongst staff, because newer and younger staff were more naturally open to change and recognised that they worked for an organisation, not just a programme, while experienced and long-term staff members seemed to have a more programme-focused loyalty. The more experienced staff experienced more difficulty in accepting change.

The researcher, aiming to lessen the impact of change on the confidence of the more experienced staff – and thus on internal relationships within the group – focused additional educational attention on both older and long-term staff members, undertaking extensive consultation during the analysis phase, and offering more one-on-one "participative education" to enhance their *perception* (as well as the fact) of having a significant influence on the project. This enhanced feeling of influence (and thus ownership) appeared to motivate them to embrace both the changes and the change process.

3.2   Consultation

The data gathered during the analysis phase of the project described above was analysed and used to identify the main areas of concern and their current processes. Following the SSM approach, a Rich Picture was drawn to express the problem situation from multiple perspectives and was presented in the Interview Findings Report produced in May 2008; it was also used as a focus of facilitated discussions during several group meetings where it appeared to be perceived to support non-threatening, non-blaming discussion.

Overall the rich picture proved to be an exceptionally useful tool in facilitating discussion. The Youth Services staff were familiar neither with SSM nor with Rich Pictures but nonetheless found the model easy to understand and comfortable to relate to. One team member said, for instance: "I thought it was great – it showed a great deal of information all in one picture." People whose positions were represented in the rich picture gained a sense of achievement that they had contributed to the project thus increasing their intrinsic motivation to continue with the project.

Some other members of the NPO who were shown the rich picture found it, at first glance, confusing. However, by focusing on aspects of the drawing during detailed discussion, quite quickly all staff we worked with began to relate to the concept. In particular, they found it especially useful in appreciating how alternate viewpoints could be reasonably held by their colleagues.

Two "semi-formal" structured walkthroughs (after Yourdon, 1978), were conducted following the release of the interview findings report; structured walkthroughs are a systematic peer group review of a product or concept which can be conducted at any time during development; in this case the concept was the document management system. This particular form of group meeting was chosen specifically for the Charity for several reasons:

- to allow the Charity's staff to identify any errors or gaps in the researchers documentation of the problem situation they had explored together;
- to maintain the involvement of the Youth Services department staff in keeping with the aim of workforce empowerment; and thus – we hoped;
- to increase workforce motivation.

Yourdon (1978) argues that most organisations using this approach find staff enjoy structured walkthroughs and that it increases staff morale significantly.

Each staff member was asked to read the interview findings report prior to the structured walkthrough, and review the rich picture. The first review group was comprised of nine members from Youth Services representing four different programmes from four physically different locations together with the ICT Group Manager. The second review group was made up of eight key managers from within the Charity.

The problem-mapping technique developed by Lanzara and Mathiassen (1985) was used to visualize and structure the debate by relating the problem situation, its causes and consequences – then leading into a discussion of proposed ideas for the solution (Simonsen, 2007). The researcher had decomposed the problem situation into five key areas and each of these was explored individually using this technique. Although none of the staff members had ever attended a structured walkthrough previously, they all took part enthusiastically. At times the discussion became a little heated (particularly at the key managers meeting) but issues were raised, discussed, clarified and a consensus was generally reached before moving on to the next key area.

Through the structured walkthrough, highlighted by the pilot project, organisation wide implications emerged. These meetings demonstrated that the staff and management of the Charity could collaborate internally (at both departmental and organisation-wide levels) and participate with the researcher in a mutual learning process (as Simonsen (2007) suggests). Both the quantity and the quality of engagement suggested a significant motivational enhancement – most clearly evidenced through a shared belief that the goal was both achievable and worth achieving – amongst staff directly involved in the pilot project and organisational management. Perhaps the clearest evidence in support of this result was the

increasingly vocal competition amongst other departments to be the focus of the next phase of the project. This suggests that intrinsic motivation – enthusiasm – can spread, almost by osmosis, through the organisation. This effect had been labelled "motivational spill-over" (Frey, 1997) and its existence in this case supports our general findings.

3.3 Implementation

Wagner and Piccoli (2007) argue that despite every effort to use participatory design, focusing on who to involve in a project rather than when to involve them, can be detrimental. They argue that users will only become truly committed to the project when the change will impact on their work and the reality that new work practices will be implemented is imminent. The danger is that only at this point will they begin critically to evaluate the system, with a predictably detrimental effect on the project. In our study, this effect became apparent during the implementation stage. Whilst key Youth Services staff could envision the end product and were keen to reach the goal, they underestimated the effect the changes would have on their own work practices, and how implementing a document management system would impact on other areas of business within Youth Services.

Through the analysis and design phases of the pilot, the researcher had gained the clear impression that the project was being well received by every member of Youth Services, while, in fact, many staff were, as Wagner and Piccoli (2007) put it, only "acting as if they were engaged" in the project. During the training stage, for example, there was clear evidence that some staff, recognising the imminent transition "lost" confidence in the effectiveness/workabilty of the intended change. All parties involved within the change process – management, affected staff and the change team – participated in an intensive review. It quickly became apparent, during this review, that:

- the system itself was not the problem but rather, that the changes to informal organisational power structures were having a negative effect on (were crowding-out) the intrinsic motivation of some experienced staff members. It was perceived by some staff members that informal status arising from acknowledged expertise in areas where importance/impact would be reduced and may be associated with (negative) shifts in power relationships within the group.
- there was also an danger of cognitive overload amongst staff as a realisation of the full impact the system would have on work practices became apparent.

While at first sight the difficulties encountered during the implementation phase might seem entirely negative, it is important to reflect on the way in which – and the speed with which – these difficulties were resolved. The resolution process was based on consultation, education and participation. It was of fundamental importance that the researcher, organisational and departmental management as well as the staff participated together in the change process, that trust had been built between the change agents and those affected by the change.

It is particularly interesting to note that the issues which arose during the implementation phase did not impact on the enthusiasm, which existed throughout the organisation, to be part of the next phase of the project – nor did their impact in the immediate context persist beyond the review process. We hypothesise that, irrespective of the level of participation which exists within the organisational change process, there can be expected to be moments of crisis – which might best be described as crises of confidence. We draw the conclusion that, in the study reported here, the issues which arose during the implementation phase were not "swept

under the carpet", but were, in fact, fully and satisfactorily resolved by the additional participative action undertaken – and further hypothesise the general effectiveness of this strategy.

4   Summary and Analysis

NPO's rely heavily on the intrinsic motivation of their professional and volunteer workforce (Leete, 2000; Frey & Jengen, 2001) and the Charity has relied upon this vocational imperative to drive their organisational change process – in this pilot, designing and implementing a document management system – to bring together the various programmes within the pilot study group. The following conclusions can be drawn from our study:

- Intrinsic motivation plays an important role in determining the success of the organisational change process;
- By asking for volunteers to undertake pilot studies in the area of information management but not stipulating what the pilot studies had to be for, nor promising any reward for undertaking this task, the Charity relied upon the intrinsic motivation of managers to want to undertake the task of implementing some organisational change process within their service area. Therefore intrinsic motivation drives organisational change;
- External motivation (thought of implementing the document management system – organisational change) has raised the intrinsic motivation (sense of achievement and feeling of satisfaction) – (crowding-in) within Youth Services. Therefore organisational change enhances intrinsic motivation;
- Implementing the document management system within Youth Services (actual organisational change) had reduced intrinsic motivation (crowding-out) for two members of Youth Services but not for the Group Manager – this is subjectively perceived by individuals within the organisation and can be overcome.
- Implementing the document management system – organisational change (external motivation) in Youth Services has increased the intrinsic motivation of the rest of the organisation who are saying they now want it too. Therefore, here we see that organisational change has enhanced intrinsic motivation – through the 'motivational spill-over effect'.

5   Conclusion

In the study presented here, we have explored an instance of organisational change in a third sector organisation which has been undertaken and analysed within the framework of Motivation Crowding Theory – and through the application of an organisational change methodology which stresses:

- the identification and accommodation of the multiple valid perspectives which are/might be held by the actors in the organisational context; and
- an explicitly participatory approach.

We have demonstrated that the introduction of a more formal and systematic information and knowledge management strategy is not intrinsically in tension with the maintenance of a characteristically vocational and highly intrinsically motivated workforce. Furthermore, we have presented evidence that through a multi-perspective, participatory, and educational organisational change process there is the potential to enhance intrinsic motivation. In the

organisational context discussed here, the evidence is that, if intrinsic motivation has not actually increased, it has clearly become more explicitly evident and the opportunity to harvest its power has emerged more strongly.

We argue that the insights from this study are likely to have application beyond the specific organisation "The Charity" and, indeed, beyond the third sector – to organisational systems where full participation is, in any sense, optional. The key ideas here are the potential contribution of individual empowerment, effectively harnessed, to the effectiveness of the system in which the individuals act. In future work, we aim to explore the application of the ideas described here within organisational networks – where, typically, there is no effective hierarchical managerial power system – and within organisations such as Universities and Hospitals where perceptions of professional independence are in tension with managerial direction, and a vocational drive is an important motivator at the individual level.

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