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## **INTRODUCTION**

The contemporary form of the welfare state in Western industrialised nations has undergone and is undergoing considerable revision. Seemingly a fixture in the liberal democratic order, the welfare state has been subjected to sustained critique from both the Left and the Right (Bryson, 1992; Pierson, 1991). More recently, the platforms and policies of the Conservative and Republican governments in the United Kingdom and the United States have given expression to conservative positions culminating in sustained attempts to restructure the operationalisation of welfare service delivery. In part this has led to a shift in the locus of human service delivery from statutory to nonprofit human service organizations (Billis, 1989; Kramer, 1990; Billis and Harris, 1992).

Not surprisingly, the ongoing debate about the future of the welfare state has not been confined to the northern hemisphere. Contemporary Australian political discourse and to some extent associated policy responses, echo that of the last decade in the United Kingdom and the United States (Beilharz, Considine and Watts, 1992; Fightback!, 1991). Esping-Anderson (1990) has classified Australia, along with the United States, Japan and Canada as a liberal or social assistance welfare state with a relatively small and residualised public welfare system. While data about the size of the nonprofit sector within the Australian welfare state is comparatively scant, Lyons (1991) argues that its role is substantial. More recent data from the Australian state of Victoria indicates that the size of the nonprofit workforce and nonprofit expenditure in the broader community services industry make it pivotal to human service delivery and social welfare outcomes (Community Services Victoria, 1992).

Furthermore, as the Australian welfare state and its instrumentalities have been incorporated into the managerialist agenda of corporatised governments influenced by the broad ideological shift to the right, the nonprofit sector has been increasingly subjected to management ideologies and methods derived from the business world (Bryson, 1989; Considine, 1988). This process is founded on a group of assumptions about the nature of nonprofit human service organizations; assumptions derived in part from a body of theory whose empirical referents are industrial organizations and government agencies (Hasenfeld, 1983; Milofsky, 1979). As nonprofit organizations are drawn into operationalising the shifts in policy about the welfare state, we find ourselves forced to rely on a body of theory which has largely failed to engage in serious and sustained analysis of this context (Tucker, 1981; Wilson and Butler, 1985; Harris and Billis, 1986).

As understanding develops and concerns grow about the impact of the wider political economy on the

nonprofit sector, we remain comparatively innocent about what occurs within nonprofit human service organizations. Not only have they been overlooked in organizational theory, some argue that a degree of resistance driven by 'ideological fanaticism' pervades the sector (Handy, 1988, p.8; Landry, 1985). Culminating in rejection of, or more often relative indifference to the role of orthodox organizational theory and management, nonprofit human service organizations continue to present themselves in terms of what they would like to be, not necessarily as they are (Kramer, 1981).

This constitutes the challenge from within. Without a base line theory of organizational functioning derived empirically from nonprofit human service organizations, attempts to formulate viable hypotheses in a changing political economy will inevitably be constrained. The research reported in this paper represents one attempt to address the knowledge deficit, its purpose being to move beyond description and exploration by developing and testing a theoretical model of nonprofit organizational functioning. Specifically, the antecedents to organizational commitment in nonprofit human service organizations are explored. As will be illustrated, the model provides analysts with a firmer base upon which to predict changes in participant behaviour in a variety of circumstances.

## **THE FOCAL CONSTRUCT - ORGANIZATIONAL COMMITMENT**

Organizational theory provides a wealth of constructs, models and paradigms which can be applied predictively. In this instance, the organizational commitment construct was chosen because of its theorised capacity to capture the nature of nonprofit human service organizations as revealed in the nonprofit and human service literature. The choice of construct was guided by three factors: the role of values in nonprofit organizational auspice and functioning, the types of and levels of participant incentives operative, and, the increasing importance of maximising desirable organizational outcomes.

The construct of organizational commitment most often employed empirically reflects what is known as attitudinal commitment, explicitly encompassing the role of values. Mowday, Porter and Steers' (1982, p.27) classic definition states that organizational commitment is the extent to which a person has a strong desire to remain a member of the organization, is willing to exert high levels of effort for the organization, and believes and accepts the values and goals of the organization. Several organizational theorists argue that organizational commitment has a substantial normative component, often subsumed into the more general category of attitudinal commitment (Mathieu and Zajac, 1990., Wiener, 1982). Employees are understood to come to an organization bringing a set of internalised beliefs congruent with the organization's mission, policies and style of operation.

Nonprofit human service organizations are values rational as opposed to means rational (DiMaggio and Anheier, 1990). 'Founded on a logic of commitment', they are primarily 'value-based organizations' (Paton, 1992, p.10). Workers are understood to join nonprofit human service organizations in the belief

that there will be values congruence between themselves and the organization (Donovan and Jackson, 1991). A distinctive culture is claimed to exist because of the 'importance given to values, especially those associated with the organization's cause or mission' (Paton and Cornforth, 1992, p.41). Assertions such as these illustrate that nonprofit human service organizations are, in essence, normative organizations (Etzioni, 1961).

Another relevant consideration is the acknowledged value dimension of human service work itself, the role of values and beliefs in human service practice forming a substantial part of the professional literature in the area (Ashford and Timms, 1990; Horne, 1987; Whan, 1986; Holland and Cook, 1983). In effect, such concerns in the professional literature reflect awareness that the productive activity of the human services is essentially moral in nature. This factor combined with the ideological auspice and proposed normative culture of voluntary human service organizations indicates that values constitute a central phenomenon in organizational behaviour. However, theoretically, commitment is said to have two primary dimensions, calculative as well as attitudinal. Calculative commitment is understood to result from individual-organizational transactions over time, in which as a result of sunk costs or investments, employees become bound to the organization (Mathieu and Zajac, 1990). In this sense, commitment reflects an employee's cognitive justification for his or her behaviour, itself primarily influenced by non-normative factors such as wages and conditions. Consequently, calculative commitment reflects an employee's experience of the organization on a more instrumental level.

The two theorised dimensions of organizational commitment make it valuable in an exploration of the incentive structures operative in nonprofit human service organizations. Two points are relevant here. Firstly, incentive structures in nonprofit organizations are primarily normative and affective (Knoke and Prensky, 1984). Employees exhibit a degree of voluntarism, particularly in the form of labour donations (Preston, 1990). Secondly, industrial conditions generally in nonprofit human service organizations in Australia are poor indicating that on a purely instrumental level, they are not desirable places to work (O'Connor, 1989; Milligan, Hardwick and Graycar, 1984). Despite this, people choose to be employed by voluntary human service organizations, indicating that organizational commitment in this context should be primarily attitudinal. The theorised multi-dimensional nature of organizational commitment, both attitudinal and calculative, enables us to explore the employee incentive structures in nonprofit human service organizations; whether or not normative incentives feature more prominently than utilitarian incentives.

Finally, organizational commitment has been associated with a variety of individual behaviours and outcomes; for example, employee turnover, job performance, absenteeism, motivation and satisfaction (Mowday, Porter and Steers 1982; Porter, Crampon and Smith, 1976; Larson and Fukami, 1984; Angle and Perry, 1981). In addition, organizational commitment retains, both theoretically and empirically, a remarkably prominent status linked to organizational outcomes such as enhanced productivity,

performance and effectiveness (Mottaz, 1988). In an increasingly turbulent political and economic environment, voluntary human service organizations are being forced to search for ways to maximise such outcomes which are deemed essential in a contracting welfare state (Wolch, 1990).

## **THE MODEL TESTED**

Drawing upon organizational theory, nonprofit theory and social welfare literature, a range of proposed antecedents to organizational commitment were tested. These fall into four distinct categories: organizational structure, participant demographic features, individual and organizational normative frameworks, and job or work related characteristics.

Addressing each in turn, the aspects of organizational structure measured were participation in decision making and hierarchy of authority (centralisation), and job codification (formalization). Glisson (1978) and Patti (1985) both argue that unlike other organizations, human service organizations are particularly affected by structural features as opposed to technological requirements, in part a function of the indeterminate nature of the technology employed (Hasenfeld, 1983). In addition, most research has concluded that highly structured human service organizations result in poor worker and consumer outcomes (McNeely, 1983).

Knoke and Prenskey (1984) stress the importance of a 'democratic ideology' embedded in voluntary associations, necessitating an emphasis on the decentralization of power. Consequently, a negative association between centralization and organizational commitment was expected. However, the situational ambiguity of non-government organizations, a reflection of vague, global and normative goals and indeterminate technology, was expected to create a situation in which the use of rules and procedures guiding behaviour would be favourably regarded by organizational participants (Morris and Steers, 1980; Hasenfeld, 1983). Therefore, a positive association between formalization and commitment was expected.

Organizational commitment research has indicated that both increased age and organizational tenure are positively associated with commitment (Hall, Snyder and Ngyen, 1970; Angle and Perry, 1981), relationships usually explained in terms of such 'sunk costs' as retirement benefits. However, research consistently points to a negative association between the level of education and commitment (Morris and Sherman, 1981; Angle and Perry, 1981; 1983). In addition, a negative association between commitment and professionalization has been reported (Steers, 1977; Mowday, Porter and Steers, 1982). In this context, it was hypothesised that both length of education and degree of professionalism would be negatively associated with organizational commitment.

In an attempt to capture part of the uniqueness of non-government organizations, an hypothesised relationship between normative frameworks and commitment was postulated. Several themes were brought to bear here. Firstly, voluntary human service organizations are what Yancey-Martin and Glisson (1989, p.356) term institutionalised organizations, 'ideological reflections of social, political and economic environments'. As such they embody implicit or explicit conceptualisations about the nature of human kind and human society, reflecting in part belief systems within society variously termed 'ethical', 'religious' or 'political'. As such, voluntary human service organizations tend to be explicitly value driven (Cornforth and Hooker, 1990), being as DiMaggio and Anheier (1990, p.145) argue "based on strong ideological, especially religious orientations; value-rational rather than means-rational, in Weber's terms".

Secondly, it is the role of values in nonprofit organizations which pose some of the challenges to the fit of organizational theory in this context. While the literature conceptualises values congruence as a constituent part of organizational commitment, 'values' usually reflects personal characteristics or preferences such as attachment to the work ethic (Mowday, Porter and Steers, 1982). As such, the ontological status of 'values' is similar to that of individual psychological or affective characteristics. Furthermore, even at this level, some authors argue that individual dispositional characteristics have been regarded as of secondary importance in organizational attitude formation (Staw and Ross, 1985; Staw, Bell and Clausen, 1986).

'Normative frameworks' here are conceptualised as absolute, deontological and ideological as opposed to pragmatic and phenomenological (Hofstede, 1980). They are a coherent set of explanatory ideas held by both individuals and collectives, ideas which both drive behaviour and act as a critical evaluative framework. Specifically, it was hypothesised that organizational commitment would be higher in those organizations displaying a normative framework favourably regarded by employees.

The final category of antecedents hypothetically impacting on commitment are those pertaining to job or work related factors; specifically, job satisfaction and perceptions of distributive justice. Job satisfaction captures attitudes towards specific aspects of an employee's work experience and reflects utilitarian and instrumental, as opposed to normative concerns. That is, it reflects an employee's response to the characteristics of tasks (variety and complexity), the role or position occupied (role conflict, overload and ambiguity) and the characteristics of leadership experienced. In this instance, a positive association between job satisfaction and organizational commitment was hypothesised (Glisson and Durack, 1988).

Distributive justice, on the other hand, captures perceptions of the exchange between employees and the organization; employees' attitudes towards their employing organization's behaviour in the process of exchange, in addition to their satisfaction or dissatisfaction with the levels of pay they receive for

their efforts. Given the general low level of wages and the limited availability of occupational benefits in these organizations (Preston, 1990; Milligan, Hardwick and Graycar, 1984; Mirvis, 1983), both the process and the outcome of the exchange is considered to be important in determining attitudes. Consequently, a positive association between perceptions of distributive justice and organizational commitment was hypothesised.

Recapitulating, not only does the model attempt to identify relationships between specific independent variables and organizational commitment, it also attempts to reflect the theorised complexity of commitment and its configuration within a specific organizational context. Therefore, the effects of the total model are of interest, particularly to assess the relative predictive power of the clusters of variables in determining employee attitudes in nonprofit human service organizations.

## **METHODOLOGY**

### **Sample**

A sampling frame of 897 nonprofit human service organizations in the Australian state of Queensland was developed, being drawn from a number of sources. From the sample frame, a random sample of four hundred and four organizations was drawn.

## **Instrumentation**

A survey instrument was developed incorporating a number of pre-existing scales in addition to three items designed to capture perceptions of normative frameworks. Organizational commitment was measured employing the Organizational Commitment Questionnaire (Mowday, Steers and Porter, 1979). Cronbach's alpha for this sample was calculated as .89. Distributive justice was measured by the Price and Mueller Distributive Justice Index (Price and Mueller, 1986a) while job satisfaction was measured by an instrument developed by Quinn and Shepard (1974). Cronbach's alpha for these scales was calculated at .96. and .88 respectively. Centralization was measured by the participation in decision making (alpha .88) and hierarchy of authority scale (alpha .86) developed by Hage and Aiken (1967). Formalization was measured by the job codification scale employed by Hage and Aiken (1967) achieving a reliability score of .64 with this sample.

Normative frameworks were measured by asking respondents to rate the stance of their employing organization and themselves in respect of three statements. Each statement reflected a particular aspect of a normative framework in human service practice. The first, the *desirability of employing ethical principles in human service practice* was represented by the statement, worded negatively, 'resolving ethical dilemmas by reference to convenience is not so bad'. The second, *the desirability of having respect for clients*, was represented by 'all clients should be treated with dignity and respect'. The third element *congruence between words and behaviour* was captured by the statement 'human service work should not only talk about treating clients well, it should put that into practice every day'. Finally, age, tenure, education and professionalism were measured by single items, those item scored ordinally being dummy coded into interval measures.

### Data Collection

Nine hundred copies of the instrument were sent to the four hundred sampled organizations, each being accompanied by a stamped return envelope. In all, three hundred and ninety seven individual responses were returned from two hundred and thirty organizations, representing an individual response rate of forty four percent and an organizational response rate of fifty seven percent.

### Data Analysis and Results

Initially Pearson's Correlation Coefficients were performed to test associations between the variables. Following this, hierarchical multiple regression techniques were carried out to test the separate and combined effects of different independent variables on the dependent variable. The case to variable ratio was twenty five to one; all variables were tested for skewness and the majority were found to be within appropriate limits. Four of the six normative framework variables were, however, skewed. Given the size of the sample (N=397) it was decided that this violation of the normality assumption was tolerable (Lewis-Beck, 1980). Outliers were few and not extreme and were therefore retained in the analysis; and finally, the distribution of residuals was plotted and found to be normal. Table 1 contains the results of the correlations.

**TABLE 1**  
Means, Standard Deviations and Correlation Co-efficients between  
Organizational Commitment and the Independent Variables

	Mean	SD	Organizational Commitment
Age	3.24	1.10	.217 <sup>a</sup>
Tenure	2.24	.89	.113 <sup>b</sup>
Education	4.24	1.75	-.081
Professionalization	2.03	1.28	-.177 <sup>a</sup>
Participation in Decision Making	3.32	1.27	.304 <sup>a</sup>
Hierarchy of Authority	2.22	.91	-.209 <sup>a</sup>



Job Codification	3.21	.74	-.091
Importance of Ethics In Practice (Organization)	3.70	1.09	.295 <sup>a</sup>
Importance of Ethics in Practice (Individual)	3.97	1.06	.054
Client Respect (Organization)	4.80	.53	.385 <sup>a</sup>
Client Respect (Individual)	4.90	.36	.215 <sup>a</sup>
Behavioural Congruence (Organizations)	4.70	.64	.419 <sup>a</sup>
Behavioural Congruence (Individual)	4.88	.35	.209 <sup>a</sup>
Distributive Justice	3.58	1.11	.553 <sup>a</sup>
Job Satisfaction	4.21	.77	.728 <sup>a</sup>

a significant at <.01

b significant at <.05

Table 1 indicates that age and tenure were positively associated with organizational commitment indicating that older employees and those who had worked with the organization for some time will display greater commitment to their employing organization. Professionalization, on the other hand, was negatively associated with commitment, indicating that employees who had been exposed to professional education (such as social work, psychology or occupational therapy) will display lower levels of commitment. However, high levels of education other than professional education had no discernible effect.

Both centralization variables were significantly associated with commitment in the expected directions. As centralization increases in voluntary human service organizations, organizational commitment decreases. Formalization, however, was not significantly associated with commitment.

Table 1 indicates that employees' perceptions of an organization's normative framework is strongly associated with organizational commitment. When employees believe that their employing organization values an ethical approach to its endeavour, then they will exhibit high levels of organizational commitment. A similar though less marked trend is evident in their personal identification with a normative framework.

Finally, both distributive justice and job satisfaction are strongly and positively associated with commitment. When employees feel that their organization is treating them fairly, then commitment will increase. Furthermore, when they are happy with the day to day conditions of work, their commitment will be high.

Table 2 presents the results of the hierarchical regression analysis assessing the relationships between the dependent variable and the combined independent variables. It displays the unstandardised regression coefficients (B), the standardised regression coefficients (Beta) and  $R^2$  after each step. At step one, all the independent variables except job satisfaction and distributive justice were entered. Distributive justice was entered at step two, and job satisfaction at step three.

**TABLE 2**  
**Hierarchical Regression of Organizational Commitment**  
**and Significant Independent Variables**

	B	Beta
<b>STEP ONE</b>		
Age	.135	.144 <sup>b</sup>
Professionalization	-.119	-.152 <sup>c</sup>
Participation in Decision Making	.185	.225 <sup>a</sup>
Importance of Ethics in Practice (Organization)	.171	.187 <sup>b</sup>
Client Respect (Organization)	.258	.145 <sup>d</sup>
Client Respect (Individual)	.286	.109 <sup>d</sup>
Behavioural Congruence (Organization)	.234	.084 <sup>d</sup>
<b>R<sup>2</sup> .383</b> <b>F = 15.366<sup>a</sup></b>		
<b>STEP TWO</b>		
Age	.109	.116 <sup>c</sup>
Professionalization	-.104	-.133 <sup>d</sup>
Participation in Decision Making	.164	.205 <sup>a</sup>
Importance of Ethics in Practice (Organization)	.138	.152 <sup>c</sup>
Distributive Justice	.308	.330 <sup>a</sup>
<b>R<sup>2</sup> .469</b> <b>R<sup>2</sup> Change .086<sup>a</sup></b> <b>F Change = 52.236<sup>a</sup></b>		
<b>STEP THREE</b>		
Age	.075	.081 <sup>d</sup>
Participation in Decision Making	.099	.123 <sup>b</sup>
Importance of Ethics In Practice (Organization)	.095	.105 <sup>d</sup>
Distributive Justice	.091	.097 <sup>d</sup>
Job Satisfaction	.729	.518 <sup>a</sup>
<b>R<sup>2</sup> .611</b> <b>R<sup>2</sup> Change .142<sup>a</sup></b> <b>F Change = 116.891<sup>a</sup></b>		

a significant at < .001

b significant at < .005

c significant at < .01

d significant at < .05

At step one the variables entered accounted for thirty eight percent of the variance of organizational commitment. When distributive justice was entered at step two, forty six percent of the variance was

predicted, increasing to sixty one percent with the addition of job satisfaction at step three. While job satisfaction and distributive justice added significantly to the predictive power of the model, the variables age, professionalization, participation in decision making and organizational ethical functioning also contributed significantly. Of interest is the fact that a variable from each of the clusters remained significant in the final step, indicating that organizational commitment in nonprofit human service organizations is complex, reflecting both calculative and attitudinal dimensions.

## **DISCUSSION**

It is the complexity and multi-dimensionality of organizational commitment which poses the greatest challenge, both theoretically and operationally. On the theoretical level, extant organizational theory indicates a range of factors which should have considerable predictive capacity in respect of organizational commitment, for example organizational structure. In this instance, of the three structural variables incorporated into the model, only participation in decision making remains significant when tested in concert with the other variables. Hierarchy of authority and job codification recede in importance, explanations for which may be drawn from a number of directions.

Nonprofit human service organizations differ in the degree in which they have developed bureaucratic structures, a function perhaps of smaller size or of historical legacies of associational organizational forms impacting upon contemporary organizations. Alternatively, the prominence of participation in decision making may reflect participants' positive valuation of democratic values and processes (Knoke and Prenskey, 1984). The results could, of course, be a function of both types of factors which in turn illustrates the centrality of contextual variations in the construction of models of organizational behaviour.

The importance of the organizational context is further illustrated by the role of normative orientation and ethical functioning in employee attitude development. Clearly, employees in nonprofit human service organizations are concerned about the ethical climate in which they work. Specifically, they are concerned that the organization conducts its business ethically and that its decision making is not driven solely by utilitarian concerns. Again, there are at least two possible explanations, both emerging from the organizational commitment literature.

The first would argue that commitment is a function of employee identification with the organization, evidenced in part by a growing internalization of organizational values (O'Reilly and Chatman, 1986). The second explanation emerges from doubts about the objects or focus of employee commitment. Increasingly, the theoretical literature is questioning both the mono-focus of organizational commitment and linearity of models of commitment development (Randall, 1987; Reichers, 1985). The central issue seems to revolve around the status of an individual's normative framework upon engagement and over a period of time. Much of the empirical work to date has unwittingly assumed an 'empty vessel' model of organizational participants, particularly in relation to values used in the deontological as opposed to the phenomenological sense.

In the context of nonprofit human service organizations, it is possible that a person comes to the

organization deliberately, probably with a pre-existing normative framework developed in other arenas, purposively seeking the organization or field of work as a medium for the expression of their personal orientation. Over time, the organization and the individual develop areas of mutual understanding which in turn is reflected in similar self and organizational assessments. In this sense, commitment reflects a far more deliberative and evaluative activity on the employee's part than mere acceptance of the organization's values.

The sustained significance of the 'importance of ethical practice in organizations' variable in the overall model indicates that it is of considerable importance in predicting attitudinal outcomes. Nonprofit human service organizations are a setting for moral activity; indeed moral activity provides the motive for organizational establishment and the substance of organizational endeavours. The conclusion drawn here is that any understanding of organizational commitment in this setting must tackle the centrality of values.

While the preceding discussion has indicated the importance of empirically contextualising organizational theory, the results concerning distributive justice and particularly job satisfaction indicate that extant theory as it stands has much to offer. As in other industrial arenas, employee attitudes to nonprofit human service organizations are powerfully affected by the daily conditions of their work and the instrumental realities of organizational life. This reinforces the warning, posed by Cornforth and Hooker (1990), that nonprofit human service organizations tend to over-rely on the intrinsic motivation of employees, coupled with their propensity to engage in donative behaviour.

Operationally, this poses significant challenges for organizations wishing to maximise positive employee attitudes. Clearly organizational commitment in nonprofit human service organizations has both attitudinal and calculative components, indicating in turn that incentive structures for the promotion of desirable employee attitudes are themselves complex. While this complexity is in itself not unsurprising, it becomes problematic in the evolving context of nonprofit human service organizations. The capacity for organizational leaders to develop and maintain appropriate differentiated incentive structures is limited by the weak claim these organizations have on public and private resources, and by their own nature.

Addressing the latter, much of the literature in the nonprofit human service field makes reference to the lack of deliberative and skilled management within these organizations, especially small, locally based organizations. Leat (1988) and Peatfield (1991), for example, refer to the remarkable lack of engagement by voluntary boards in daily management, illustrating a core dilemma in nonprofit human service organizations. On one hand, we find that the development of favourable organizational attitudes in employees results from a range of factors, both normative and instrumental. These organizations need to be seen to be functioning ethically in respect of clients and workers, they need to involve workers in decision making and they must provide work conditions appreciated by employees in the form of reasonable and just pay levels, enriched jobs and good leadership. In other words, nonprofit human service organizations need to be managed superlatively in a social and political context which mitigates against this.

It is possible to argue that in the past nonprofit human service organizations were 'managed' well by accident; that the conditions for favourable attitudinal outcomes existed more as a result of their 'voluntary' idiosyncrasies, for example their roots in associational forms meeting primarily non-instrumental affective needs. However, all indications are that reliance on such factors in the future will be inappropriate and ill-advised.

The lack of professionalism in the management of voluntary organizations is being viewed with some alarm both within and without, and has been for some considerable time (Van Til, 1988). As the environment for nonprofit human service organizations becomes more hostile or at least more intrusive, an increasingly common response is to try and develop management expertise and management systems (Wilson, 1992). Managers, either paid or voluntary, are being cautioned to develop a sophisticated skills base and organizational forms and procedures developed largely by reference to corporate management models, themselves derived from empirical referents fundamentally different from nonprofit organizations. Reflecting a growing unease about this within the third sector, Van Til (1988, p.207) reports calls for the relocation of graduate nonprofit management programs out of business schools.

Whether specific aspects of the professionalization of nonprofit organizations are desirable or otherwise, to a certain extent it is an inevitable outcome of the increasing penetration of the nonprofit sector by the forces of modernization in advanced capitalist economies (Bryson, 1989). Herein lies the paradox for nonprofit human service organizations: can they make the successful transition from relatively unmanaged organizations with fluid social relations to 'managed' organizations with crystallised social relations without placing at jeopardy an element of their uniqueness?

At the very least, management theories and processes that are developed for nonprofit organizations need to be sensitized to contextual issues such as how to balance complex and differentiated incentive structures. Increasingly the political economy of the welfare state is contributing to the hostility of the environment for nonprofit human service organizations. At the same time Wolch's (1990) 'shadow state' is a reality as nonprofit organizations are drawn into the state apparatus for the delivery of public and social goods. Much recent research has focused on the threat from without, from forces generated from an evolving political economy (Lipsky and Rathgeb-Smith, 1990; Wolch, 1990; Considine, 1988.). This research, however, has indicated that it needs to be balanced with an understanding about the internal functioning of nonprofit human service organizations, about the stresses and strains generated in situ. This knowledge has significant potential to influence the future of nonprofit organizations and the role they constitute social and public life.

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