

**STRATEGY CONTENT AND ORGANIZATIONAL PERFORMANCE: AN
EMPIRICAL ANALYSIS**

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Abstract

We present the first empirical test of the proposition that strategy content is a key determinant of organizational performance in the public sector. Strategy content comprises two dimensions: strategic stance (the extent to which an organization is a prospector, defender or reactor) and strategic actions (the relative emphasis on changes in markets, services, revenues, external relationships and internal characteristics). Data are drawn from a multiple informant survey in 119 English local authorities. Measures of strategy content are included in a multivariate model of inter-authority variations in performance. The statistical results show that strategy content matters. Organizational performance is associated positively with a prospector stance and negatively with a reactor stance. Furthermore, local authorities that seek new markets for their services are more likely to perform well. These results suggest that measures of strategy content must be included in valid theoretical and empirical models of organizational performance in the public sector.

Strategy Content And Organizational Performance: An Empirical Analysis

Introduction

Questions have always been posed about the performance of public organisations. These have often emerged from crises in service provision (e.g. child protection scandals) or celebrations of success (e.g. school achievement rates, the responses of emergency services to disasters). However, these examples, like much of the academic literature on public service performance, are single case study illustrations. They do not provide the systematic evidence necessary to advance the science or practice of public administration. The absence of such evidence has arisen in part from a lack of attention to the issue of performance by public administration academics, and from a lack of relevant data. In recent years more systematic information on the performance of public organizations has become available, and a literature on this topic is now emerging (Boyne, 2003; Kelly and Swindell, 2002). The results of empirical studies suggest that although environmental constraints are important, scope remains for managers in public organizations to influence their performance (Meier and O'Toole, 2001, 2002).

A core managerial function is to shape strategy content which can be defined as the patterns of service provision that are selected and implemented. This has been argued to be a central influence on public service performance (Boyne, Martin and Walker, forthcoming; Boschken, 1988; Nutt and Backoff, 1995; Wechsler and Backoff, 1987). However, no systematic empirical evidence exists on the validity of this proposition. By contrast, many studies of private organizations contend and demonstrate that strategy content matters (Ketchen, Thomas and McDaniel, 1996; Miles and Snow, 1978; Slater

and Olson, 2000). This paper provides the first empirical test of the relationship between strategy content and performance in public organizations.

The paper is structured as follows. In the next section we define the concept of strategy content. Hypotheses on the relationship between strategy content and performance are then presented. Next we discuss our methods and measures, and interpret our statistical findings which are based upon a large-scale multiple informant survey in 119 English local authorities.

Strategy Content

Boyne and Walker (forthcoming) present a model of strategy content conceptualised at two levels. First, 'strategic stance' is the broad way in which an organization seeks to maintain or improve its performance. This level of strategy is relatively enduring and unlikely to change substantially in the short term (Zajac and Shortell, 1989). The second level of strategy is the specific steps that an organization takes to operationalize its stance. These 'strategic actions' are more likely to change in the short-term (Fox-Wolfgramm, Boal and Hunt, 1998). Stance and actions together constitute an organization's strategy content. Strategy content refers to how organizations actually behave, in contrast to strategies that are merely rhetorical, or intended but unrealised.

Strategic Stance

The strategic stance dimension of our classification is based on Miles and Snow's (1978) typology and includes prospectors, defenders and reactors. At a conceptual level these

appear to cover the major possible organizational responses to new circumstances: innovate (prospector), consolidate (defender) or wait for instructions (reactor).

Prospectors are organizations which “almost continually search for market opportunities, and they regularly experiment with potential responses to emerging environmental trends” (Miles and Snow, 1978, 29). The characteristics of a public sector prospector would include innovation, risk taking, rapid organizational responses to new circumstances and the invasion of the markets of other agencies (Boschken 1988; Downs, 1967). A defender would not be striving to be a leader in the field, but would instead be a late adopter of innovations, taking a conservative view of new service development and focusing upon a narrow segment of the market to retain its existing core business activities. As Miles and Snow (1978, 29) argue, a defender will “devote primary attention to improving the efficiency of their existing operations”. A reactor would have no consistent substantive stance because it “seldom makes adjustment of any sort until forced to do so by environmental pressures” (Miles and Snow, 1978, 29). It is, therefore, likely to have its formal stance imposed by external agencies such as regulators. Even if it is instructed to behave like a prospector, for example, it may lack the culture and expertise to adopt this strategy successfully.

Strategic Action

Our second dimension of strategy is based on five types of specific actions that organizations may use to operationalize their stance. These actions concern changes in markets, services, revenues, the external organization and the internal organization. The first three of these strategic actions reflect Porter’s (1980) typology of strategy content.

This typology has been extended to capture the constraints that public organizations may face in altering markets, services or revenues. The strategic challenge for many public managers is to find better ways to deliver existing services in a fixed market with limited revenues. Thus strategy may focus disproportionately on the organizational arrangements for service provision by altering external relationships or internal characteristics.

Though the scope of public business units may be constrained, because they cannot independently choose their own markets, they may sometimes be able to seek market entry or exit. A market may be defined geographically or through the characteristics of the users. Changes in markets may occur through opportunities to provide existing services to new groups of citizens. Conversely a public agency can change its market by withdrawing from a particular geographical area or no longer serving a specific group of users. Public organizations may also be constrained in the choice of services they provide, for example by 'ultra vires' legislation. Nevertheless, changes in needs or user expectations can lead public organizations to provide new services to existing users, or to withdraw services (Borins, 1998, 2000; Enticott and colleagues, 2002; Osborne, 1998; Walker and Jeanes, 2001).

A major strategic issue for public organizations is ensuring that they have sufficient revenues to maintain or expand services. This type of strategic action can include raising extra income from fees, government grants or charitable donations (Moore, 2000; Moon and deLeon, 2001; Steven and McGowan, 1983). Strategic actions that focus on internal organization cover variables such as structure, culture, processes, leadership and a variety of metrics for improvement (Berry, 1994; Boyne and Dahya,

2002; de Lancer Julnes and Holzer, 2001; Douglas and Judge, 2001; Westpha, Gulait and Shortell, 1997). Strategies for external organization refer to the network or partnerships through which many public agencies provide services (Provan and Milward, 1995). These arrangements may include collaboration, consortia or joint ventures and outsourcing services to private or non-profit providers (Bardach, 1998; Bevir and O'Brien, 2001; Boyne, 1998; Huxham, 2000; Kickert, Klijn and Koppenjan, 1997; Lowndes and Skelcher, 1998; Meier and O'Toole, 2001; Provan and Milward, 2001; Wistow, Knapp, Hardy and Allen, 1992). These five types of strategic actions cover the three broad categories of behaviour that are available to an organization: change the environment (move to a different market), change the relationship with an existing environment (by altering services, revenues or external structure), or change itself (through modifications to internal structure).

Hypotheses On Strategy Content And Performance

Stance

The central contention of Miles and Snow's (1978) model of strategic action is that prospectors and defenders perform better than reactors, which is supported by studies of private firms (Hawes and Crittenden, 1984; Shortell and Zajac, 1990; Woodside, Sullivan and Trappey, 1999). For example Conant, Mokwa and Varadarajan (1990) conclude that profitability is significantly greater for prospectors and defenders than for reactors. However, a reactor stance is not always associated with poor performance. Snow and Hrebiniak's (1980) study of four industries confirmed Miles and Snow's primary hypothesis except in the case of highly regulated industries, where reactors outperformed

prospectors and defenders. This finding may have implications for the relative effectiveness of different strategies in the public sector. A reactor stance may be a deliberate and positive choice in a public sector environment that values responsiveness to the shifting demands of external stakeholders, especially if strategy content is routinely imposed by regulatory agencies (Bozeman and Straussman, 1990; Nutt and Backoff, 1993; Rainey, 1997). Prospectors may be perceived as excessively eager to take risks, and defenders may be seen as reluctant to respond to pressures for change. Reactors, unconstrained by a fixed strategic posture, may be more pliable and more ready to please their political superiors. Thus, in principle, a reactor stance can be seen as the best fit with the political circumstances that shape perceptions of organizational performance in the public sector (Rainey and Steinbauer, 1999).

Miles and Snow maintain that there are no performance differences between prospectors and defenders, a view supported by the findings of Slater and Olson (2001). However, the evidence on the relative performance of prospectors and defenders is neither comprehensive nor conclusive. Evans and Green's (2000) study of Chapter 11 bankruptcy notes that business turnaround is more likely to be achieved by prospectors than defenders. Hambrick (1983) concludes that prospectors outperform defenders on market share changes, but that this pattern is reversed for return on investment. Zajac and Shortell's (1989) analysis of US hospitals found that the performance of defenders fell behind other generic strategy types when the environment called for a more proactive approach. Woodside, Sullivan and Trappey's (1999) analysis concludes that prospectors outperform defenders, who in turn outperform reactors.

In sum, there is broad but mixed support for Miles and Snow's model of strategy and performance in the private sector. The application of this model to the public sector leads to the following hypotheses:

H1: A prospector stance is positively related to organizational performance

H2: Prospectors outperform defenders and reactors

H3: A defender stance is positively related to organizational performance

H4: Defenders outperform reactors

H5: A reactor stance is negatively related to organizational performance.

The distinctive political context of public organizations, especially the existence of extensive mechanisms of oversight and regulation, leads to a sixth hypothesis that contradicts H2, H4 and H5:

H6: A reactor stance is positively related to organizational performance

Strategic Actions

A variety of studies lend support to the notion that changes in services, markets, revenues and internal and external organization can lead to higher levels of performance. Research on the private sector, case studies of public organizations, and a limited number of empirical studies of public agencies find performance gains from changing markets or services (Damanpour and Evan, 1984; Damanpour, Szabat, and Evan, 1989; Subramanian and Nilakanta, 1996). The balance of evidence on the determinants of public service improvement indicates that there is moderate support for the argument that extra financial resources lead to higher performance (Boyne, 2003).

The range internal organizational actions that may be pursued by public agencies is extensive. The findings of a limited number of empirical studies on culture, leadership and human resource management (Brewer and Selden, 2000; Meier and O'Toole, 2002; Ostroff, 1992; Zigarelli, 1996) support the view that performance can be improved by internal organizational change. The evidence implies "... that managerial variables make a difference to service performance" (Boyne, 2003, p. 385), and a longer tradition of research on private organizations substantiates this conclusion. Two groups of external organizational variables can be identified: competition and co-operation. Empirical studies suggest that competition has weak effects on performance (Boyne, 1998; D'Aunno, Hooijberg and Munson, 1991; Meier and O'Toole, 2001; Zanzig, 1997) but that the effects of co-operation are positive and significant (O'Toole and Meier, 2001, 2003).

Our hypotheses on strategic action are:

- H7: Change in markets is positively related to organizational performance
- H8: Change in services is positively related to organizational performance
- H9: Seeking revenues is positively related to organizational performance
- H10: Internal organizational actions are positively related to organizational performance
- H11: Collaboration with external organizations is positively related to organizational performance

Environmental constraints

It would be naïve to argue that strategy content alone affects the performance of public organizations. Our final two hypotheses reflect the view that negative effects on performance emanate from the different environmental conditions experienced by public organizations (Pettigrew, Ferlie and McKee, 1992; Pressman and Wildavsky, 1984).

The primary purpose of public services is to respond to service needs (e.g. Doyal and Gough, 1991). However, the extent to which public organizations are able to meet service needs is likely to decline as these needs become higher. At a given level of financial resources organizations that confront a greater quality of needs are likely to find it more difficult to provide a sufficient quantity and quality of services per client. In addition, performance is likely to be constrained by variations in service needs. If citizens largely have homogeneous characteristics (e.g. mostly white middle class) it may be relatively straightforward to elicit their preferences and to provide a 'standardised' service that corresponds closely with their needs. By contrast, it may be more difficult to meet the needs of a highly diverse population (as reflected, for example, by many different ethnic groups). First, a greater effort is required to identify the preferences of different groups; and secondly, it is necessary to provide a greater variety of services in order to meet their requirements. This, in turn, makes the achievement of high levels of performance more demanding. Our hypotheses on the impact of environmental constraints are:

H12: The quantity of service need is negatively related to organizational performance.

H13: The diversity of service need is negatively related to organizational performance.

Methods And Measures

Performance

An index of performance has recently been calculated for all major English local authorities (London boroughs, metropolitan boroughs and unitary authorities and county councils) by the Audit Commission (2002). This index, the 'Comprehensive Performance Assessment' (CPA), classifies the performance of authorities into five categories (poor, weak, fair, good and excellent). The overall CPA scores were obtained from judgements about a local authority's core service performance (CSP) and its ability to improve. These two variables were then combined to produce the overall score. The dependent variable for our empirical analysis is performance, so the focus of the following discussion is on how the CSP score was derived (for a detailed discussion see Audit Commission, 2002).

The CSP score covers six dimensions of performance (quantity of outputs, quality of outputs, efficiency, outcomes, value for money, consumer satisfaction—Boyne, 2002). It embraces all the main areas of local government activity (education, social care, environment, housing, library and leisure and benefits, together with 'management of resources'). Each service was given a score by the Audit Commission from 1 (lowest) to 4 (highest). These scores were derived from a mixture of performance indicators, inspection results and service plans and standards. For services that have longstanding inspectorates (benefits, education and social services), the methodology to obtain the CSP score relied upon existing scoring systems. The Commission converted these scores into their categories¹. The score for the remaining three service areas and use of resources was calculated from Best Value Performance Indicators (BVPIs) from 2000/01 and

20001/02, inspection reports and service plans and standards data. Complex weighting systems were used by the Commission to compensate for the absence of inspection reportsⁱⁱ in some services for some councils.

Following the calculation of the CSP score, the Audit Commission weighted services to reflect their relative importance and budget. The weight for education and social services was 4, for environment and housing 2 and for libraries and leisure, benefits and management of resources 1. The Commission then combined these weights with the performance score (1 – 4) for each service to calculate the CSP. This ranges from a minimum score of 15 (12 in the case of county councils who do not provide either housing or benefits) to a maximum of 60 (48 for county councils).

Strategic Stance and Action

Prior research on strategy content has suffered from two weaknesses. First, survey respondents are typically forced to choose between mutually exclusive categories and place their organization in one box (Snow and Hrebiniak, 1980; Slater and Olson, 2000; Zajac and Shortell, 1989). This approach is inconsistent with evidence which suggests that organizations simultaneously pursue a mix of (perhaps contradictory) strategies (Bowman and Ambrosini, 1997a; Whittington, Pettigrew, Peck, Fenton and Conyon, 1999). Second, almost all prior research relies on single (usually chief executive officer) informants. Empirical research suggests that chief executives tend to provide information on strategic aspirations rather than actual strategies, and also overlook the range of different perceptions of strategy within organizations (Bowman and Ambrosini, 1997b; Walker and Enticott, 2003). These methodological limitations may be one explanation for

the mixed evidence on strategic stance and performance in the extant literature. To address these weaknesses we surveyed multiple informants in each organization and used likert scales to assess the location of organizations on different dimensions of strategy content.

Data on strategy content were drawn from a survey of English local authorities. The survey instrument was piloted in 17 authorities that are representative of geographical location and functional type (see Enticott, 2003). Email addresses were collected from participating authorities and questionnaires were delivered as an Excel file attached to an email. The electronic questionnaires were self-coding and converted to SPSS format for analysis. Informants had eight weeks to answer the questions within the file, save it and return by email. During the survey period, three reminders were sent to informants who had yet to complete itⁱⁱⁱ.

In this analysis our multiple informant data was collected from staff at the corporate and service level in each organization. Two echelons were used to overcome the sample bias problem faced in surveying informants from one organizational level. Corporate officers and service managers^{iv} were selected because they reflected positions where different attitudes have been found to exist (Aiken and Hage, 1968; Payne and Mansfield, 1973; Walker and Enticott, 2003). In each authority questionnaires were sent to up to three corporate informants, and four managers in each of seven services (revenues and benefits, leisure and culture, education, housing management, planning, social services, and waste management). A maximum of thirty questionnaires were sent to an authority and the maximum number of responses received was twenty-three.

Data were collected in the summer of 2001 from all English local authorities. The sample consisted of 386 authorities and 4,184 informants. 81 per cent of authorities replied (314) and a 56 per cent response rates was achieved from individual informants (2,355). The analysis is conducted on 119 authorities, with 1,245 informants. The N falls because CPA results were only available for 119 authorities that replied to the survey.

One measure for each aspect of strategy content is used in this analysis (table 1). The prospector stance was operationalised through a measure of innovation, because this is central to Miles and Snow's (1978) definition which includes risk taking and pro-active responses to changes in the external environment. To explore the extent to which English local authorities displayed defender characteristics, focusing upon tried and tested strategies and a narrow segment of the market, informants were asked whether their approach to service delivery focused on their core business. Reactors are expected to await instructions on how to respond to environmental change. The major source of external pressure in English local authorities is currently the auditors and inspectorates deployed by central government (there is at least one inspectorate for each service). We therefore asked our informants about the extent to which auditors' and inspectors' affected their approaches to service improvement.

Changes in markets and services were measured directly by asking informants on the extent of these strategic actions in their organizations. Seeking revenues was operationalized by asking if informants organizations were exploring new ways of raising income. Our measure of external organizational change focuses upon collaborative arrangements, and in particular partnership with private and other organizations. A single

measure of internal organizational changes that are intended to lead to higher performance is difficult to identify. A useful proxy is the extent to which organizations have adopted approaches to improvement that include a range of management variables. For example, EFQM (European Foundation for Quality Management) is a total quality management programme that covers leadership, culture, people and structure.

Table 1 here

Environmental constraints.

The Average Ward Score on the Index of Multiple Deprivation 2000 (Office of the Deputy Prime Minister, 2000) was used as a measure of the quantity of service. This deprivation score is the standard population-weighted measure of deprivation in England used by central government. It provides an overview of the different domains of deprivation (e.g. income, employment and health). To measure diversity we developed a Hehrfindahl index by squaring the proportion of each ethnic group (taken from the 2001 census, Office for National Statistics, 2003) within a local authority and then subtracting the sum of the squares of these proportions from 10,000. The measure gives a proxy for 'fractionalisation' within a local authority area, with a high level of ethnic diversity reflected in a high score on the index. High values on the tails of these variables produce non-normal distributions of the data which would distort the results of the regression analysis. For the purposes of testing the multivariate model, and for ease of interpretation of the coefficients, we have therefore converted the raw variables into ranked data.

Results

We present our results in two parts. Initially we explore the correlations between the measures of strategy content. Following this, the statistical results of the OLS multiple-regression models of strategy content and performance model are presented.

Correlations

Three noteworthy issues arise from the correlation matrix presented in table 2. First, the measures of strategic stance are weakly correlated with each other. This suggests that strategies of prospecting, defending and reacting are not only conceptually but also empirically distinct. Second, a prospect stance is positively correlated with four strategic actions (change markets, change services, external and internal organisation) in other words, prospecting behaviour typically is expressed in a variety of ways. By contrast a reactor stance is not correlated with any actions, implying that it is not a coherent approach. A defender stance is correlated with two specific actions (seeking revenues and external organization). Third, the correlations between the strategic action variables are low. The measures of markets, services and revenues are correlated positively with each other, but otherwise the strategic actions do not cluster together. In sum, the correlation matrix suggests that our measures are tapping distinctive elements of strategy content, which confirms theoretical arguments that they should be tested separately rather than combined (Boyne and Walker, forthcoming).

Table 2 here

Multiple regression

The empirical evidence produced by testing the model of strategy content and performance is summarised in table 3. The model provides a satisfactory level of statistical explanation ($R^2 = 35\%$). A substantial part of the explanation of variations in performance is provided by the external constraint variables. The coefficients for deprivation and diversity are both negative and highly significant, thereby supporting hypotheses 12 and 13. However, several of the measures of strategy content also contribute significantly to the level of statistical explanation.

Table 3 here

The coefficients for the strategic stance variables support hypotheses 1, 2, 4 and 5. The prospector variable has the predicted positive relationship with organizational performance, thereby confirming the view that innovation is associated with success. Moreover, prospectors are likely to perform better than defenders or reactors. The defender variable has no significant impact on performance, which contradicts hypothesis 3. Thus, an efficiency strategy that aims at improving the delivery of existing services is not associated with higher performance, perhaps because organizations that adopt this strategy are not sufficiently responsive to new needs. Nevertheless, a defender stance is better than a reactor stance because the latter is negatively related to performance. This result supports hypothesis 5 rather than hypothesis 6. There is no evidence that a reactor stance fits the political content of public organisation: it may be good for accountability,

but appears to be bad for performance. Thus, as in the private sector, a reactor stance is the 'lemon' of strategic orientations.

Only one of the hypotheses for strategic actions is supported by the empirical results. Organizations that move into new markets, by identifying and serving new users, are more likely to perform well. This can be seen as the most radical and innovative of the five strategic actions that we have identified, and is consistent with the positive sign on the prospector variable. However, the 'change markets' variable is significant even when strategic stance is held constant. This implies that organizations which are generally defenders or reactors can improve their performance through this strategic action. By contrast, no significant performance effects follow from actions concerning services and revenues or external and internal organization. It seems that once a general stance has been adopted, these specific actions neither reinforce nor counteract its performance effects. In order to explore this issue directly we tested a series of interact action terms that contained each stance variable in combination with each action variable (e.g. prospector x change services). The level of statistical explanation was not significantly improved by any of these modifications to the basic model. Thus the results imply that the two dimensions of strategy content influence performance independently rather than jointly.

In sum, the evidence suggests strongly that strategy content makes a difference to the performance of public organizations. A prospector stance is associated with organizational success, a defender stance is neutral, and a reactor stance is associated with organizational failure. Furthermore, once a general stance is adopted, the specific actions that are taken to operationalise it have only weak effects on performance. This

initial evidence suggests that the key to service improvement is the ‘big picture’ of strategic orientation rather than the pixels of strategic operationalisation. In this sense the key dimension of strategy content may be akin to the concept of organizational culture: stance is partly about how an organization sees itself and what it is attempting to achieve, rather than the specific steps that need to be take to realise its goals.

Conclusion

In this paper we have presented the first empirical test of strategy content and performance in the public sector. Our statistical results show that strategy content matters. Organisational performance is positively associated with a prospector stance and negatively associated with a reactor stance. Local authorities that seek new markets for their services are also more likely to perform well. This suggests that the route to high levels of organizational performance is partly based upon a strategy of innovation and continuous searching of the external environment for new markets. By contrast organizations that adopt a defender stance are likely to face a rocky path to service improvement, and a reactor stance is likely to result in performance which lags behind that of both defenders and prospectors.

This study has enhanced research methods on strategy content by using multiple informants. The voices of leaders and followers are reflected in our measures of strategy content, whereas past studies have relied only on the views of leaders. Nevertheless, this is the only first test of the relationship between strategy content and organizational performance, and has a number of limitations.. First, his study was based on cross-sectional survey data and gives a snapshot of the relationship between strategy content

and performance. As longitudinal data on organizational performance become available, so the analysis needs to be extended over time to examine lagged effects on performance. Second, our parsimonious model contained only one measure for each aspect of strategic stance and strategic action. A wider set of measures may reveal stronger links with performance. Third, we have examined only one set of public organizations in a specific time period. Further research is needed to explore whether the impact of strategy content varies across institutional contexts.

Despite these limitations, our statistical results provide a new piece in the jigsaw of organizational performance in the public sector. The evidence supports the conclusion that strategy content has an important role to play in theorising and explaining the relative success or failure public service providers. Moreover, the evidence implies that public managers can make a significant difference to service standards through the strategies that they follow.

Endnotes

ⁱ Education scores are translated from Ofsted's performance profile star system (0 star = 1, 1 star = 2, 2 stars = 3, and 3 stars = 4). For social services, the Social Service Inspectorates performance ranks, based on the average score for the judgements for children and adults, are converted thus: not serving people well = 1, serving some people well = 2, serving most people well = 3, yes – serving people well = 4. The Benefits Fraud Inspectorate uses a combination of self-assessment, inspection evidence and evidence from performance indicators to judge local authorities' performance against their key performance standards. The Commission translate these scores thus: up to 39% = 1, 40%-59% = 2, 60%-79% = 3 and 80% and above = 4.

ⁱⁱ One example, environmental services which include transport, waste and planning can be used to illustrate the process. BVPIs, inspection reports and service plans are used to judge 'how good is the service?' Where no inspection had taken place prior to the CPA process, the authority was inspected during 2002 on one of the three sub-service areas. Where inspection had taken place in, for example transport, the inspection accounts for 50% of the evidence, BVPIs 30% and the Local Transport Plan (LTP) 20%. Different weightings were used in waste and planning. Where more than one inspection had taken place in a sub-service area the average inspection score was taken. Where there was not an inspection BVPIs account for 60% and the LTP 40%. The three sub-services carry different weights in counties, metropolitan boroughs and unitary authorities and London boroughs. The weighted data are then converted to the 1-4 scoring system.

ⁱⁱⁱ There were no statistical differences between early and late informants.

^{iv} Corporate officers include Chief Executive officer and Corporate Policy Directors.

Service Officers include Chief officers (e.g. Director of Social Services, Directors of Waste Management) and service managers (e.g. Head of School Organisation and Planning, Head of Business Efficiency, Head of Benefits and Revenues).

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Table 1

Measures, means, minimums and maximums of the independent variables

Variable	Measure	Mean	Min	Max
Prospector	The service/authority is at the forefront of innovative approaches	5.02	3.30	6.50
Defender	Focusing upon core business areas is a major part of our approach	5.61	2.86	8.00
Reactor	Pressures from auditors and inspectors are important in driving performance improvement	4.89	2.67	6.33
Changes in markets	Providing existing services to new users was a major part of our approach	5.16	3.00	6.67
Changes in services	Providing new services to existing users was a major part of our approach	5.35	3.40	7.50
Seeking revenues	Developing new ways of raising income is a major part of our approach	5.01	2.71	8.00
External organization	The service/authority welcomes private sector involvement and partnership and involvement with others	4.36	1.86	6.50
Internal organization	New approaches to improvement (e.g. EFQM, re-engineering, charter marks) are a major part of our approach	5.84	3.40	7.25
Quantity of service need	Index of Multiple Deprivation	27.39	4.89	58.22
Diversity of service need	Index of ethnic diversity	2437.58	372.71	8452.82

Table 2

Correlation Matrix

	1	2	3	4	5	6	7	8	9	10	11
1. Performance	1										
2. Diversity	-.221**	1									
3. Deprivation	-.288**	.184*	1								
4. Prospector	.361**	.003	-.049	1							
5. Defender	-.125	.018	-.016	-.130	1						
6. Reactor	-.238**	-.061	.120	-.118	.261*	1					
7. Change market	.288**	-.059	-.032	.299**	-.006	-.078	1				
8. Change service	.175	-.099	.103	.388**	.160	.058	.315**	1			
9. Seek revenues	-.008	.019	-.045	.143	.219*	.053	.215*	.215**	1		
10. External organization	.154	-.003	-.212*	.180*	.233**	-.088	.079	-.031	.097	1	
11. Internal Organisation	.129	-.158	.097	.287**	-.013	-.053	.083	.280*	.040	-.045	1

N = 119, * <0.05, ** <0.01

Table 3

Regression results

	Unstandardised coefficients	t
Constant	67.114	5.207***
Prospector	.270	3.001***
Defender	8.297E-03	.098
Reactor	-.157	-1.931+
Change market	.214	2.502*
Change service	6.431E-02	.700
Seek revenues	-7.33E-02	-.884
External organization	2.574E-02	.308
Internal Organisation	2.260E.02	.274
Diversity	-.238	-3.050***
Deprivation	-.238	-2.956***
F 5.207***		
R ² .354, adjusted R ² .294		
+ p < .1, * p < 0.05, ** p < 0.01, *** p < 0.001		
N = 119		