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Structural Isomorphism in Australian Nonprofit Organizations

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This paper assesses the extent of structural similarity or isomorphism among nonprofit organizations in Australia. Based on neo-institutional theory, the paper explains such isomorphism in terms of these organizations' subordination and dependency, the uncertainties they face, and the networks of experts of which they are a part. The analysis uses the nonprofit component of a 2001–2002 random sample of Australian employment organizations. It finds surprisingly little isomorphism in this subsample and few differences in isomorphism according to the level of the factors thought to produce similarity. The discussion of the findings focuses on the suitability of the nonprofit sector as the appropriate organizational field within which isomorphism involving these organizations is likely to be produced. Industries, which include all organizations that produce the same product or service, be they nonprofit, for-profit, or government, may be more appropriate interactional fields for the development of isomorphism.

KEY WORDS: isomorphism; nonprofit organizations; neo-institutional theory; Australia.

INTRODUCTION

Do nonprofit organizations (NPOs) resemble one another structurally? If they do, why, and with what implications? If they do not, why not, and again, what are the implications? These questions apply basic concerns of organizational theory to nonprofit organizations.

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A focus on pressures for sameness in organizations traces back to Max Weber's worry that bureaucracies might snuff out the spark of creativity, innovativeness, spontaneity, and responsiveness in social life (Gerth and Mills, 1946). More recently, DiMaggio and Powell (1983) have argued that sameness can be traced not only to the need to find efficient structures but also to the need for organizations to legitimate themselves in their institutional environments. Appealing to the same "iron cage" imagery as Weber used, they called such sameness "isomorphism."

THE IMPORTANCE OF ISOMORPHISM IN NONPROFITS

This paper examines the extent and causes of isomorphism in a random sample of Australian nonprofit organizations. Structural isomorphism would have a number of fundamental implications for nonprofits. It might signal effective and productive structures and processes with best practices having diffused through the nonprofit world and nonprofits that do not go along being starved of resources. Even if other organizations in the nonprofit environment do not require best practices, however, they may still expect a certain set of structures and processes. The environment may not even recognize organizations that deviate from these expectations as legitimate nonprofits (Meyer and Rowan, 1977). Once granted this legitimacy, nonprofits are accorded material resources, legal standing, and cultural status reserved for nonprofits. In a phrase, organizations may have to look like nonprofits in order to be treated as nonprofits. With the strong influence of such expectations, nonprofit leaders may be hard pressed to imagine structuring and running their organizations in any other way than the taken-for-granted, that is, the legitimate way.

What if the legitimate, expected, taken-for-granted nonprofit structures and processes actually fall well short of the efficient, the effective, and the productive? Now, environmental expectations and pressures would preclude experimentation and innovation toward better practices. A few nonprofits might want to try something new in order to improve but decide against it for fear of being cut off from resources or ridiculed. Most, however, would likely just not think enough "outside the box" to try something different from the expected. Both limitations on nonprofit innovation arise from the strength of the normative and legitimate.

A particular, but widespread example of such conformity would lead nonprofits to cave in before the strong belief that favours bureaucracy, especially the hierarchical, the standardized, and the routinized. To the extent that expectations for nonprofits push bureaucratization, these nonprofits will do no more than pay lip service to internal democracy, organizational flexibility, and personal development.

Nonprofits exist in democratic societies in part to address minority needs for public goods that governments, focussed on the wishes of the majority, do not fulfil. And, the more varied these minority needs, the more numerous and varied should be the responding private nonprofit (and for-profit) organizations (Weisbrod, 1986). If, however, the nonprofit sector is characterized by similarity in missions and in the structures by which missions are pursued, then diverse minority needs will not be addressed. Indeed, one of the key rationales for a nonprofit sector will be lost and the legitimacy of the sector may be undermined. Ironically, isomorphism arising from legitimacy-seeking could, thus, compromise that very legitimacy.

The forgoing has assumed that a nonprofit organization can reshape itself. But, what if nonprofits, in the manner Darwin asserted for organisms, cannot substantially change themselves; that is, they are essentially imprinted at start up (Hannan and Freeman, 1984). Individual nonprofits, then, would not be able to adapt to change in their environments. The population of nonprofits, however, could adapt if variation within the population were sufficient to allow selection effects that favoured the survival of those types of nonprofits that were well-suited to the new challenges. The implication of this line of reasoning is that isomorphic tendencies among nonprofits, by limiting variety, result in nonprofits as a population being unable to adapt to significant environmental changes. Legitimate today may be extinct tomorrow.

ISOMORPHISM AND ITS SOURCES

The Nonprofit Organizational Field

Structural isomorphism means similarity. In the abstract, any collection of organizations may be isomorphic. The processes DiMaggio and Powell (1983) suggest as causing isomorphism, however, are interactional. Thus, the more a given group of organizations interacts, the greater the possibility of producing isomorphism among them.[4] DiMaggio and Powell call a collection of organizations with substantial interaction an organizational field. Interaction in such a field may be between equals or unequals; it may be competitive or collaborative; it may or may not involve the exchange of resources.

The field within which analytic comparisons across organizations are made influences the level of isomorphism that will be detected. This analysis specifies nonprofit organizations as the organizational field. Treating nonprofits as a distinct sector is certainly common and conventional among many scholars (as

[4]Some theorists (e.g., Rowan, 1982) write of the isomorphism of organizations with their environments. This paper does explore the isomorphism-inducing impact of environment on organizations, but the focus here is on conceptualizing and measuring isomorphism among organizations.

prominent examples, see Hansmann, 1986; Weisbrod, 1986). In a recent work, Anheier (2003) defined the nonprofit sector in terms of five criteria for the organizations in it: at least somewhat institutionalized; separate from government; self-governing; not profit distributing; and including voluntary participation. Beyond such conventional conceptions among scholars, nonprofit organizations do constitute a collection of organizations among which interaction is frequent. Interaction among nonprofits is increased by community-wide collaborative fund raising, management training designed generically for nonprofits, and a common legal status. Such interaction would be key in the production of isomorphism within the organizational field, so defined.

The history and composition of the sector, however, raise doubts about interaction and influence that would lead to significant isomorphism within it. Hall (1994) dated the origins of the nonprofit concept to the 1950s and its widespread acceptance to subsequent decades. In his account, the idea of a coherent nonprofit sector was created by large foundations, operating through academics they funded, as the foundations tried to portray themselves and other large tax-exempt organizations as acting in the public interest. Is a sector so recently created old enough to have formed the strong patterns of interaction and influence that, in turn, would have reshaped organizations isomorphically?

DiMaggio and Anheier (1990) raised other doubts about the coherence of the nonprofit sector, along with the coherence of the for-profit and government sectors, as well. The actual boundaries between the sectors may be blurred by ambiguous legal forms, for example, nonprofits with for-profit subsidiaries and vis-a-versa. Observed differences between the sectors may be due not to differences in legal form, but rather (shifting) differences in the composition of such key factors as clients and funding. And, despite the differences in legal form, the many sources of heterogeneity within each sector may overwhelm the differences among the sectors.

A key source of organizational heterogeneity within the nonprofit sector is the type of product or service the various organizations produce, which is often recognized in naming groups of organizations, for example, arts or social service nonprofits. Groups of organizations that produce the same product or service belong to the same industry and share common technologies and organizational environments, which are likely to create regular interactions. Industry groups, therefore, are an important alternative to the nonprofit sector in defining the organizational field within which isomorphism is created.

Following common and conventional usage, this analysis uses the nonprofit sector as the organizational field within which to compare organizations. The problem of correctly defining the field, however, is fundamental and unresolved. A finding of substantial isomorphism within the nonprofit field would reinforce conventional usage. The contrary finding would suggest redefining the organizational field as one key avenue for subsequent research.

The Production of Isomorphism

DiMaggio and Powell (1983) identified three clusters of processes as causes for isomorphism and call the resulting similarity coercive, mimetic, and normative isomorphism: (1) constraint, pressure, or coercion, based on power differences that arise from law, official position, or control of needed resources; (2) imitation of a seemingly successful model, due to uncertainty regarding how to pursue the goal or ambiguity about the goal itself; and (3) the influence of professionals and other experts. The reasoning is that domination and dependency, uncertainty, and professionalization increase the likelihood of isomorphism. While organizations may adopt practices because the practices improve efficiency and productivity, these three isomorphism-producing processes suggest reasons for adopting new structures or practices that do not necessarily improve performance, and indeed, as argued earlier, may stand in the way of such improvements.

NONPROFIT ISOMORPHISM

Nonprofit organizations can be expected to resemble one another because they fit the profile of organizations subject to coercive, mimetic, and normative isomorphic forces. Nonprofits are generally thought to be highly dependent, especially on their funding sources; hence, they are subject to coercive isomorphic pressures. Riiskjaer and Nielsen (1987) accounted for the emergence of bureaucracy and oligarchy in Danish amateur sports by a shift in funding from participants to the state. Similarly, Morrill and McKee (1993) explained goal displacement in a community mediation organization by the nonprofit's desperate dependence on the local government for funding. Likewise, Bidwell (2001) observed ironically that the greater the community pressure on schools for change, the more carefully school leaders and managers conform to basic and unchanging community expectations regarding school structures and practices.

Nonprofits' missions are often unclear and in flux, and the methods for effective pursuit of those missions are often unsettled; hence, they are susceptible to mimetic isomorphism. Kanter and Summers (1987) showed that health care nonprofits are hamstrung in measuring their performance by the ambiguity, multiplicity, inconsistency, and incoherence of their goals and the uncertainty of their service technologies. The frequent outcome is use of for-profits' performance assessment techniques, displacement of outcome measures by input and allocation measures, and reduced innovation efforts. Beyond this, uncertainty as a reason for copying networks through which information and other resources are exchanged increase mimetic opportunities. Networks of nonprofits are increasingly popular and promoted. One review of nonprofit networks (Plastrik and Taylor, 2004) listed diffusion, alignment, exchange, and assessment among

common network functions; all of these have the potential for increasing mimetic isomorphism.

Professional and other expert advice is increasingly available to nonprofits from universities, government agencies, and private consultants, and nonprofit trustees and managers are increasingly professionally trained; hence, normative isomorphism should contribute to nonprofit sameness. Abzug and Galaskiewicz (2001) used multi-organization, multi-city data to demonstrate the overwhelming preponderance of college-trained trustees on nonprofit boards of directors; they explained this as compliance with institutional expectations for rationality.[5] Siciliano (1997) found that 39% of the 240 YMCAs she surveyed used outside consultants in their strategic planning efforts. And, in a striking historical example, Darr and Stern (2002) showed how accountants, lawyers, and academics were the vehicles by which democratic governance in Israeli worker cooperatives was replaced by the more centralized governance structures favoured by powerful labour leaders.

The theoretical clarity of DiMaggio and Powell's reasoning reflects an ideal-typical approach (for their acknowledgement of the limits of this approach, see DiMaggio and Powell, 1983, p. 150). Thus, mixed types can be expected in empirical studies. For example, Bielefeld (1992) found that, among Minneapolis charities that were particularly oriented to community opinion, the greater their dependence on many funders, the more likely they were to model themselves after other nonprofits they thought particularly successful. Here, dependence leads to mimetic rather than coercive isomorphism. The basic outcome of conformity to institutional expectations, however, is well supported by this study. Beyond mixed types, isomorphism also results from the confluence of coercive, mimetic, and normative processes. In a revealing insider's report, Mulhare (1999) explained how strategic planning swept through southeast Michigan nonprofits in the 1980s, at the same time that its glow was fading among for-profits and despite its limited payoff: funding agencies required it; consultants promoted it; and managers used it to symbolize their competence.

Isomorphism among nonprofits is, though, hardly a forgone conclusion. Skoldberg (1991), for example, showed that despite planners' efforts to homogenize the Swedish higher education system, variations in its internal workings, components, and contexts led to persistent heterogeneity. Scheid-Cook (1992) recognized similar heterogeneity in her study of North Carolina Community Mental Health Centers' responses to legal mandates for outpatient commitment; she interpreted this as reflecting the agency of these centres in "enacting" or constructing the environment to which they then conform. Her interpretation of these variable enactments was not organizational resistance but rather bounded rationality that results from inconsistent goals, interrupted linkages, and incomplete

[5]This finding may be due not only to institutional forces but also to an enhanced propensity to volunteer among the well educated (Knapp and Davis Smith, 1995; Volunteering Western Australia, 2001).

knowledge. Lune and Martinez (1999), in their study of community development credit unions, also pictured organizations enacting their environment, but in their case the enactment was the creation of a distinct organizational field without the constraints they had previously faced. Barman (2002) used two Chicago nonprofit cases to demonstrate differentiation rather than homogenisation as a response to environmental pressures. Her portrait of nonprofit managers was more as rational actors than that of Scheid-Cook.

In an important study, with theoretical parallels to Barman, Oliver (1988) found considerable diversity across a population of social service nonprofits. Most critically, she determined that organizations netted together by interactions were less similar than organizations that did not interact (and also that did not face similar environmental constraints). Like Barman, she interpreted these findings as showing nonprofit managers manoeuvring strategically. Lounsbury (2001), in his study of university staffing of recycling programs, also found diversity, which he ascribed to the influence of a social movement organization on some, but not all of his cases; this example shows that institutional forces can help produce heterogeneity when they penetrate an organizational field only partially.

Peyrot (1991) showed a group of drug treatment organizations as presenting a series of conforming faces to the components of their institutional environments, while continuing with business as usual. The failure of the environmental organizations to monitor the agencies' actual practices (echoing Meyer and Rowan's [1977] loose coupling) allowed substantial ongoing variability in these practices. More recently, Steane (2001), in a study of Australian nonprofit boards of directors, focused on values, ideology, and board composition as factors that ought to slow or prevent nonprofit isomorphism. He argued that heterogeneity in these factors, which is much greater in nonprofits than in for-profits, could be expected to produce substantial variation in nonprofit practices.[6] Finally, the presence of isomorphism, and factors thought to cause it, does not demonstrate their covariation and certainly not the theorized causal relationship. Thus, Lammers (1990), in a study of nonprofit human service executives in one city, found both environmental pressure and high levels of "rational management practices," but not their covariation.

This array of studies suggests many substantive reasons for the absence of isomorphism among nonprofits. These reasons range from heterogeneity in contexts, orientations, or personnel to various forms of failure to comply with institutional expectations, some reflecting greater purposefulness or resistance than others.

[6]Ironically, some of the survey data, collected from the chairpersons of 118 Australian nonprofit boards, show surprising *homogeneity* across nonprofit organizations: priorities for director skills, rankings of board priorities, and rankings of key networking activities have very small standard deviations compared to their ranges (see Steane and Christie, 2001, Tables 5–7). These distributional findings suggest more isomorphism than the differentiation suggested by Steane.

Australian Nonprofit Organizations

The nonprofit sector in Australia has many distinctive elements (for an overview, see Lyons, 2001, chapters 14 and 15), but the focus here is on those elements that might be expected to increase or diminish isomorphism. The distinctive character of the nonprofit sector in Australia can be expected to do both.

Several factors should increase isomorphism among Australian nonprofits. An historically centralized employment relations system standardizes pay and conditions in many occupations and industries (Western, 1997). Contracts are fast replacing grants as the vehicle of government funding for nonprofits, especially in community services. Contractual relationships increase prescription by and accountability to the state (see the 1997 Special Issue of *Third Sector Review* on "Contracting for Care" and also Kramer, 1994; Muetzelfeldt, 1998; Nowland-Foreman, 1998). Incorporated associations acts, passed by all states starting in the early 1980s, prescribe many structural elements and, indeed, are more prescriptive still than federal corporations law. Associated with these acts typically are model rules that many new nonprofits use as an organizing template.

Correspondingly, nonprofits increasingly rely on professionally trained managers and staff, often substituting for volunteers. This shift has exported professional values, norms, and operating methods, particularly from nursing into health care nonprofits and from social work and business into community services. Particularly in the faith-based sector, large parent organizations have recently begun to centralize such capital-intensive or routine functions as computer services and payroll. The scale economies realized may require standardized procedures by the clients taking advantage of the centralized services. Strong umbrella associations, often called "peak bodies" in Australia, advocate to the government, but also promote communication networks, disseminate best practices, and otherwise attempt to standardize aspects of their members' operations. They are structured by industry (e.g., child care, art museums), not across the entire nonprofit sector (May, 1996; Melville, 1999; 2003).

At the same time that these factors should encourage isomorphism among Australian nonprofit organizations, another set of factors can be expected to retard its development. The preponderance of nonprofits in Australia takes the form of membership associations, in which the nonprofit is designed and run according to the highly variable needs and preferences of the members. The form adopted at founding is likely to imprint itself strongly on the organization's subsequent life (Stinchcombe, 1965). State-level nonprofit histories, incorporation laws, and regulation inject some variability that would not be found if the relevant history, law, and regulation were at the federal level. Legal accountability standards and systems for nonprofits are weak in Australia (Industry Commission, 1995, chapter 8). Nonprofit tax law allows many nonprofits to raise substantial revenues through

the sale of products and services not directly related to their mission (Lyons *et al*., 1999). Such "un-related business activities" diminish some Australian nonprofits' dependence on grantors and donors. In the substantial faith-based nonprofit sector, Catholic and Anglican organizations tend, all else being equal, to have more diocesan or parish autonomy (Cleary, 2001), while other Protestant organizations tend to be subject to greater central control. Finally, Australia lacks established peak bodies that unify the various nonprofit industries (no peak of the peaks), in the manner of Independent Sector in the United States or the National Council of Voluntary Organizations in the United Kingdom. Overall then, the relevant peculiarities of Australian society do not lead clearly to an enhanced or a diminished likelihood of nonprofit isomorphism.

DATA AND METHOD

Data

The following analysis is based on data regarding 93 organizations, which constitute a random sample of Australian nonprofits with at least one full-time employee in addition to the chief decision maker.[7] The sample is a sub-set of the Australian National Organizations Survey (AusNOS), collected in 2001–2002 by telephone interviews with the chief decision maker in 618 workplaces. The respondent designated the organization as a not-for-profit, as opposed to a for-profit or a government organization. (This self-identification may have resulted in some misclassification.)

The AusNOS sample was derived from the Australian National Social Science Survey, a random sample mail survey of individuals collected in 2000, in which respondents were asked to provide the name and address of their workplaces. These workplaces became the AusNOS target sample. AusNOS had a cooperation rate of 57.4%, which compares favourably with most organizational samples used in published analyses (Tomaskovic-Devey *et al*., 1994).[8]

Using a sample of individuals as the sampling frame for a sample of organizations—a technique called multiplicity or hyper-network sampling—makes the probability of selecting a particular organization proportional to its employment. In this sample of nonprofits, therefore, organizations with many employees had a greater chance of selection than those with few employees. This accounts

[7]These 93 nonprofit organizations include 18 in education (Australia and New Zealand Standard Industrial Classification [ANZSIC]) 84), 14 in health care (ANZSIC 86), and 28 in community services (ANZSIC 87).

[8]Some 1,411 individuals reported that they were employed, and most provided their workplace information. AusNOS researchers were able to locate 1,058 unduplicated workplaces on which the cooperation rate was computed. Some of those not located would have disbanded in the interim.

for the relatively large number of health care nonprofits and the relatively small number of community services nonprofits in the AusNOS data in comparison with the proportions estimated for Australian nonprofits by Lyons and Hocking (2000) largely with government data. Strictly speaking, in order to make inferences to the population of organizations, the AusNOS data should be weighted by the inverse of the number of employees in the organization. The unweighted data, with their disproportion of large nonprofits, however, represent (better than would the weighted data, all else being equal) the impacts of the nonprofit sector.

The place of volunteers, whose numbers are quite high in many nonprofits, is unaddressed and ambiguous in the AusNOS. In all likelihood, nonprofits that use volunteers more than paid staff are under-represented in AusNOS. The ratio of volunteers to paid staff, moreover, varies widely by nonprofit industry (Lyons and Hocking, 2000, Table 5.1, p. 65); therefore, the under-representation is unevenly problematic across the nonprofit sector. AusNOS, itself, did not ask about volunteers, specifically, so it is impossible to know to what extent they were included or excluded in counts of various types of employees.

Despite these limitations, random samples of nonprofit organizations are rare, and a nationwide random sample that does not suffer the bias in any list-based organizational sample (Kalleberg *et al.*, 1990) is exceedingly rare. Moreover, organizational studies from an institutional perspective tend to rely on small numbers of cases (Abzug, 1999), so analysis of isomorphism in a relatively large data set will be something of a departure from the norm. Overall, the AusNOS nonprofit sample provides a valuable basis for this inquiry.

Variables

The analysis of the data uses three clusters of variables, all at the organizational level: (1) organizational characteristics whose similarity across the organizations is to be assessed and explained; (2) factors thought to induce coercive, mimetic, and normative isomorphism; and (3) control variables, which in this analysis are known correlates of many of the organizational characteristics; if they are also correlated with the factors thought to induce isomorphism and were omitted from the analysis, the result would be incorrect causal inferences.

Organizational Characteristics

AusNOS allows examination of many important organizational characteristics, some of which are treated here as aspects of bureaucratization and the rest as conditions of employment.

Bureaucratization

Differentiation. The data allow the following operationalizations of differentiation: (1) the number of different jobs as a fraction of total employees (sum of full-time, part-time, and casual workers); and (2) the number of different departments at the workplace out of nine enumerated possibilities.

Hierarchy. AusNOS includes information on the breadth of the hierarchy in the form of the number of direct reports to the establishment CEO (Chief Executive Officer), who is typically the respondent and ought to be able to give accurate information on this matter. The data set also allows several measures related to the height of the hierarchy: (1) the number of levels of management;[9] (2) the frequency of movement into management on a four-point index where 1 is frequently and 4 is never (hence, a measure of promotion infrequency); and (3) the difference between the average managerial annual earnings and those of "the employees who are most directly involved with the most important product or service" (called "core workers" in AusNOS).

Formalization. The measure here is the number of written documents out of seven enumerated possibilities. All concern job responsibilities and conditions. Some small outliers require transformation by squaring for the second part of the analysis.

Employment Conditions

Full-time work. AusNOS asked for the percentages of workers in the core job and in the low job (defined as the job that has the most workers among those paid less than the core job) who are full-time, part-time, and casual (i.e., temporary). The focus here is on the full-time percents as an indicator of job quality. The full-time percents of core and low jobs are correlated at .24, suggesting that full-time work in one neither predicts nor substitutes for the other. The average of the two percentages is the best indicator of overall employment regularity in the organization. In 28% of the nonprofit establishments, no job paid less than the core job. In these organizations, the percent full-time in the core job is used for this measure.

Worker control. The data include the respondent's ratings of core workers' personal control over the job on a four-point index (4 indicates complete control).

Work intensity. The data set includes respondent reports of three components of increasing core job work intensity: working harder; tasks becoming more complex; and hours becoming longer. The three components co-vary adequately

[9] As respondents were asked for the number of levels between the lowest and highest levels of management, a one-level managerial hierarchy is a logical impossibility in these data. Many nonprofits, however, either because of small size or ideological commitments, have such flat hierarchies that they will be misrepresented by this measure.

(inter-item correlations between .26 and .45) to allow an additive index that ranges from 0 to 6. Cronbach's alpha = .61.

Factors Thought to Induce Isomorphism

In the first part of the analysis the question posed is: How variable are the organizational characteristics just described? In the second part of the analysis, the question is: Does this variability differ according to the level of the factors DiMaggio and Powell (1983) suggest as causing isomorphism, called isomorphism-inducing factors or IIFs for short? This means that the organizational characteristics must be categorized according to the levels of each IIF.

Comparison of variation in subsets of organizations requires grouping decisions for the nondichotomous IIFs. The approach here is to split the sample into two substantively meaningful (and not necessarily equal) groups as long as they each have at least 25 organizations, whenever possible. For only one IIF, managerial education, does creating meaningful groups lead to a group with fewer than 25 cases.

Coercive Isomorphism

The state. A nonprofit organization may be governed by state regulations. Moreover, state power may derive from organizational dependence on the state. The data include partial measures of both. State regulation is indicated by the administration of core jobs under centrally prescribed employment conditions, called "awards." Awards govern core jobs in 44% of the nonprofits. An additive index of dependence on the state is formed from the number of government programs from which the organization receives help (recomputed to vary from 0 to 1) and a dummy variable indicating that government at either the local, state/territory, or federal level is the organization's biggest revenue source. The two parts of the index are correlated .32. The index is split such that the higher category includes only organizations receiving help from at least one government program and for which government is the most important source of revenue.

Subordinate to headquarters. Forty-five percent of the nonprofits in the sample are formally subordinated to organizational headquarters as branches, subsidiaries, or franchises. As such, they may be required to follow centrally issued directives. A more complete measure of headquarters power would add to this formal subordination dependency on headquarters for funds. Unfortunately, the number of nonprofits subject to both aspects of headquarters power is only 20, which falls below our criterion for a stratum in the analysis. Hence, the analysis uses only formal subordination.

Income from donors. Sixty-six percent of the nonprofits receive income from donors. This is a minimal indication of the power of donors over the nonprofits.

The data do not allow indexing to include whether donations are the organization's main source of revenue or the proportion of donations obtained from the largest donor(s) (in contrast, see Chang and Tuckman, 1994).

Supplier or client concentration. If the nonprofit organization faces one vendor or one client that accounts for a large part of its supply or demand, it may need to comply with requirements of that vendor or client. A third of the nonprofits indeed do face a vendor and/or a client that accounts for at least half of its inputs or outputs, which is the cut-off for stratifying this variable.

Union power. Thirty-nine percent of the AusNOS nonprofits have a core job work force that is at least half unionized, the cut-off point for the basic union power variable to be used here.

Mimetic Isomorphism

Goal ambiguity. Along with unstandardized technologies (i.e., means for accomplishing goals) and unreliable components of the environment, goal ambiguity is the prime source of uncertainty facing organizations and of the tendency to copy other organizations. AusNOS asked nonprofit managers to evaluate the importance of eight wide-ranging goals. Goal ambiguity is indicated in two ways: (1) by a small difference between the highest and lowest importance reported; and (2) by a large number of goals reported as having the same high importance. These two indicators are correlated at .37. After recomputing each to range from 0 to 1, they are averaged to form an index of goal ambiguity, which is dichotomized at the mid-point.

Decline. Decline can motivate a search for a better approach and thereby lead to copying. AusNOS includes reports of decline in seven areas of performance; 22 nonprofits admit decline in one or more areas. The data also tap decline in revenues; 22 report some decline. The two measures are correlated .54, but fully 20 of the 29 nonprofits that report decline of one or the other type do not report both types of decline. The dichotomized IIF contrasts nonprofits that report neither type of decline with nonprofits that report either form of decline.

Change. Beyond decline, change itself may cause uncertainty and motivate the search for alterative models. AusNOS requested reports of change in five areas of operations, such as "what we make," outsourcing, and communications technology. Twenty-nine percent of the nonprofits reported change in none of these areas, 16% in four of five areas. The measure dichotomizes at change in two or fewer areas (59%) in comparison with change in three or more areas (41%).

Sharing. Where uncertainty motivates copying, regular sharing across organizational boundaries creates the opportunity for so doing. AusNOS asked about sharing resources with seven types of organizations, including government and headquarters. Forty-two percent of the nonprofits in the sample share with at least three types, the cutting point for the dichotomy.

Normative Isomorphism

Consulting. Consulting carries the idea of getting expert advice and extends the idea of sharing. (At .36, the moderate correlation between consulting and sharing suggests that the ideas are related but hardly synonymous.) AusNOS asked about consulting with eight different sources and regarding nine different areas. Recomputing the number of each to range from 0 to 1, their average is dichotomized for the analysis at .6.

Manager's education. The manager's education indicates professionalization in the nonprofit. Postgraduate education most clearly marks professional preparation. At this level, training in Australia designed specifically for nonprofit managers is quite rare (Lyons and Nyland, 1995). Only 18 of the nonprofits report postgraduate as the level of typical managerial education, but the analysis uses this cutting point, even though the number in the category falls below the guideline.

Overall Index of Isomorphism-Inducing Factors

While most of the analysis will examine the effects of the specific IIFs detailed above, an index of the 12 IIFs will allow for summary statements. The index is formed by first totalling the number of IIFs that are above their respective dichotomization points and, then, dichotomizing this sum. The cutting point for the index is 5 or more IIFs.[10]

Control Variables

Size. Size has an employment and a revenue component. Total employment, operationalized here as the sum of full-time, part-time, and casual employment, is correlated quite strongly with annual revenue at .59. The index here allows each component a range from 1 to 100, then, takes the average. That the correlation is not even higher reflects the presence in the sample of nonprofits with large budgets but few employees, foundations for example, rather than of nonprofits with many employees but small budgets. AusNOS did not ask about volunteers, so only paid employees are unambiguously included in the size index.

Age. The age in years since the organization was created stretches from newborn to not long after Europeans first settled on or were transported to the continent,

[10]A cut-off at 6 or more IIFs would be substantively more defensible because it would indicate high values on at least half the IIFs. The lower cut-off looks forward to future analyses that will include the for-profit sector. In that sector, the higher cut-off would lead to a high IIF category with very few organizations. This distributional problem points to the interesting finding, to be explored in that later work, that for-profit organizations report fewer IIFs than do nonprofit and government organizations.

with the oldest nonprofit in the sample founded in 1812. The older organizations have shown substantial survival power.

Slack. Slack resources allow organizations to recover from problems and to innovate. AusNOS asked about the availability of cash to withstand a short emergency and about the capacity to withstand the financial shortfall that might accompany a large change in activities. These indicators, surprisingly, are not strongly associated; 60% of the nonprofits reported they had slack resources on one indicator but not the other, with the others almost evenly divided between no slack and slack on both. Because of the theoretical strength of the concept, it does, nonetheless, seem reasonable to create a three-level index for slack (i.e., neither, one but not the other, both).

Analytic Approach

The analysis proceeds from a univariate stage, to a bi-variate stage, and finally to a multi-variate stage. The univariate stage addresses the question, how great is the similarity among Australian nonprofits? This question requires attention not to the central tendencies of the distributions on the 10 organizational characteristics, but rather to their variations. The less the variation, the greater the isomorphism.[11]

The bi-variate stage of the analysis addresses the question, what factors are most responsible for isomorphism in these organizations? The approach here is to compare the variation on a given organizational characteristic within the two strata defined by increasing levels of an IIF. Ten organizational characteristics and 12 IIFs mean 120 such comparisons, yielding an analysis that must be summarized rather than discussed in all its parts.

The bi-variate analysis resembles a one-way analysis of variance that compares the variances in the two strata rather than their means. The statistical significance of the difference is estimated by Levene's test, which is a nondirectional test for the homogeneity of two variances (Levene, 1960). The hypotheses, however, are directional (i.e., they expect the smaller variance in the group with the higher value on the IIF), so the analysis must combine the probability given by the test with observation of the direction of the difference. A finding consistent with expectations will require that the test have a probability of sampling error less than .05 and that the difference is in the expected direction.

The general linear model under which Levene's test is conducted assumes random errors. A difference of the variances of the residuals in the two IIF strata (using, as a rule of thumb, difference by a magnitude of two or more) will mean that this assumption is not being met. This problem of heteroscedasticity arises

[11]This focus on variation is clearly suggested by DiMaggio and Powell (1983, p. 155): "the best indicator of isomorphic change is a decrease in variation and diversity, which could be measured by lower standard deviations of the values of selected indicators in a set of organizations."

across five or more IIFs for three of the organizational characteristics.[12] The remedy is to transform the organizational characteristic, by taking the log of the number of management levels and of direct reports to the CEO (plus 1) and by squaring the number of job documents. The univariate stage of the analysis uses the untransformed variables to allow easier interpretation.

The multi-variate stage of analysis introduces control variables that might be the source of a spurious relationship between an organizational characteristic and an IIF or that might suppress a causal relationship between the pair. Size, age, and slack tap diverse conceptual clusters that shape organizational structure; as such, they are appropriate controls in this analysis.

Levene's test cannot be performed outside the bivariate context. Hence, the approach for the multi-variate analysis is to save the residuals from regressing an organizational characteristic on the three controls, then to use Levene's test to compare the variances in the residuals for the strata defined by the IIF.

RESEARCH FINDINGS

Extent of Isomorphism

How similar are Australian nonprofits to one another? This fundamental question could be addressed statistically by comparing Australian nonprofits with, for example, Australian for-profits or US nonprofits. But without such comparisons, the extent of nonprofit isomorphism will have to be judged substantively.

A substantive judgement is best made with a readily grasped measure, the inter-quartile range. As reported in Table I, the inter-quartile range gives the distance on the relevant metric that encompasses all the cases from the 75th percentile (i.e., larger than 75% of the cases) to the 25th percentile (i.e., smaller than 75% of the cases). These are, then, the middle-most half of the cases.

The inter-quartile ranges for the organizational characteristics in the AusNOS data allow characterization of the variation of these middle-most cases for each characteristic. For every two employees in the organization, the number of distinct job titles varies by almost one job title. The number of different departments varies by six departments. The number of direct reports to the CEO varies by 36 people. The frequency of promotion into management varies one point on a four-point scale, for example, from sometimes to rarely. The earnings difference between the typical manager and the employees who do the core production work varies by $19,000. Out of seven enumerated matters of job responsibilities and conditions, the number of written documents varies by one document. The full-time percentage of nonmanagerial workers, as suggested by the core production

[12]For two others, the earnings gap and work intensity variables, heteroscedasticity occurs with only one of the 12 IIFs and, therefore, no steps are taken to reduce it.

Table I. Descriptive Statistics

	Entire nonprofit sample						Strata *N*s	
	N	Mean	Median	Std. Dev.	Int-Q range	Coeff. of variation	Low	High
Organizational characteristics								
Bureaucratization								
Different jobs	88	.34	.22	.30	.44	0.88		
Departments	93	4.32	5.00	3.23	6.00	0.75		
Direct reports to CEO	93	47.38	10.00	103.43	36.00	2.18		
Levels of management	88	4.90	4.00	2.75	3.00	0.56		
Infrequency of promotion from core to manager	85	2.31	2.00	0.96	1.00			
Difference in earnings between core and manager	70	19561	17000	12724	19000	0.65		
Written documents	93	5.92	7.00	1.67	1.00	0.28		
Employment conditions								
Percent full-time	92	56.19	65.00	35.77	100.00	0.64		
Core works' personal control	92	2.63	3.00	0.64	1.00			
Core work intensity increase	91	4.25	5.00	1.25	2.00			
Sources of isomorphism								
Coercive isomorphism								
Core jobs by award	93	0.441	0.000	0.499	1.00		52	41
Govt. programs important[a]	93	0.892	1.000	0.685	1.33		49	44
Subordinate to headquarters	93	0.452	0.000	0.500	1.00		51	42
Income from donors	93	0.656	1.000	0.478	1.00		32	61
Large supplier or client[a]	84	35.798	22.000	32.686	50.00	0.91	56	28
Core workers unionised[a]	85	36.412	22.000	36.794	66.00	1.01	52	33
Mimetic isomorphism								
Goal Ambiguity[a]	93	0.405	0.349	0.211	0.27	0.52	61	32
Decline[a]	93	0.312	0.000	0.466	1.00	1.49	64	29
Change[a]	93	1.892	2.000	1.514	3.00	0.80	55	38
Sharing[a]	93	2.118	2.000	1.719	2.00	0.81	54	39
Normative isomorphism								
Consulting[a]	93	0.580	0.646	0.260	0.36	0.45	44	49
Managers education[a]	74	4.851	5.000	1.003	0.00		56	18
Overall IIF index[a]	93	4.882	5.000	1.916	3.00	0.39	36	57
Control variables								
Establishment size	91	16.75	3.84	24.19	24.17	1.44		
Age	93	47.98	29.00	40.92	64.00	0.85		
Slack resources	93	0.99	1.00	0.63	0.00			

[a]This is a continuous variable that is dichotomised for subsequent analyses. The descriptive statistics are for the continuous variables.

and low-level workers, varies from 0% to 100%. Core workers' personal control over their job, as rated on a four-point scale, varies by one point, as from some control to none. The extent to which core workers are working harder, longer, and at more complex jobs varies by an increase in intensity on two of the three criteria. Of these substantive assessments, only on the number of written documents does there appear to be little variation among the middle-most half of the organizations.

The magnitude of the inter-quartile range is partly determined by the metric in which the organizational characteristic is measured. (The same is true of the standard deviation.) Using the inter-quartile range, therefore, requires taking account of the metric. This element of judgment can be eliminated and comparisons across the organizational characteristics facilitated by using the coefficient of variation instead of the inter-quartile range. The coefficient of variation is computed by dividing the standard deviation by the mean. This effectively standardizes the measure across the metrics, allowing simpler comparisons of the level of sameness across the organizational characteristics. The coefficient of variation, however, does not allow the easy interpretation of the inter-quartile range as the range of the middle-most half of the cases. In addition, the coefficient of variation is appropriate only for ratio-level measures (Bedeian and Mossholder, 2000); this makes it inappropriate for three of the organizational characteristics, five of the IIFs, and one control variable, for all of which it is not reported in Table I. The coefficients of variation for the remaining seven organizational characteristics confirm that the number of written documents has a relatively low level of variation, that is, a relatively high level of isomorphism.

Processes that Induce Isomorphism

Even if, overall, Australian nonprofits do not appear to be isomorphic, it may be possible to identify the processes that produce what isomorphism there is, that is to locate the pockets of isomorphism within the nonprofit field. Tables II–IV present the bi-variate part of the analysis for the factors thought to produce coercive, mimetic, and normative isomorphism, respectively.

Each horizontal group of three cells should be read together. The first two cells give the standard deviations of the organizational characteristic (row variable) within the low and high IIF (column variable) strata. The third cell gives the probability, estimated by Levene's test, that a difference that large would occur by chance. The last two rows in each table and the last two columns in Table IV summarize the comparisons and tests in the three tables. The first summary row or column totals the number of differences that are statistically significant below the .05 level and that are in the expected direction (i.e., smaller for the high IIF stratum). The second summary row or column totals the number of differences that are in the expected direction without regard for the statistical significance of the difference. The count of statistically significance tests is the more important summary, but the count of expected differences helps detect suggestive patterns in the data that might not meet the stricter statistical test.

Overall, all three tables combined show only six statistically significant differences in the standard deviations of the organizations low and high on the

Table II. Coercive Isomorphism: Responses to Domination and Dependency ($N = 93$)

	Full sample	Award basis for core workers			Importance of government revenue			Subordinate to headquarters			Income from donors			Supplier or client concentration			% Core workers unionized		
		Low	High	Probability	Low	High	Probability	Low	High	Probability	Low	High	Probability	Low	High	Probability	Low	High	Probability
Bureaucratic structure																			
Differentiation																			
Number jobs as fraction of employment	0.3	0.317	0.27	0.262	**0.33**	**0.234**	**0.013**	0.302	0.29	0.77	0.298	0.294	0.966	0.301	0.289	0.753	0.325	0.249	0.062
Number of departments	3.23	3.245	3.253	0.992	3.049	3.194	0.656	2.979	3.48	0.073	3.336	3.192	0.674	3.054	3.304	0.472	*2.92*	*3.513*	*0.044*
Hierarchy																			
Number of levels of management (log)	0.472	0.418	0.54	0.135	**0.542**	**0.38**	**0.047**	0.479	0.465	0.853	0.428	0.495	0.399	0.453	0.468	0.909	0.41	0.494	0.205
Direct reports to CEO (log)	1.41	1.418	1.419	0.989	1.329	1.485	0.417	*1.19*	*1.606*	*0.039*	1.339	1.457	0.536	1.425	1.457	0.932	1.269	1.519	0.207
Earnings gap btwn core and manager	12724	12493	13065	0.784	13512	11542	0.354	**14517**	**9369**	**0.01**	14042	11312	0.216	12391	13601	0.611	13429	10947	0.2
Infrequency promotion core to manager	0.96	0.944	0.899	0.674	1.009	0.878	0.254	1.005	0.894	0.324	0.959	0.975	0.842	0.942	1.056	0.395	1.003	0.93	0.521
Formalization																			
Number of job documents (square)	14.704	15.614	13.465	0.341	**17.114**	**10.602**	**0.002**	14.644	14.858	0.938	12.14	15.942	0.113	16.409	12.347	0.105	**15.76**	**10.785**	**0.043**
Employment conditions																			
Full-time work	35.77	32.307	37.977	0.101	34.564	36.734	0.5	36.113	34.353	0.612	36.451	35.451	0.833	35.391	36.264	0.882	37.34	32.383	0.168
Core workers' personal control over tasks	0.64	0.669	0.61	0.533	0.63	0.658	0.771	0.639	0.59	0.585	0.738	0.588	0.14	0.61	0.737	0.268	0.664	0.645	0.827
Intensity of core work	1.25	1.306	1.189	0.544	1.103	1.355	0.269	1.266	1.25	0.923	1.146	1.277	0.554	1.187	1.474	0.227	1.381	1.077	0.144
Stat signif comparisons expected direction			0			3			1			0			0			1	
Comparisons in expected direction			5			5			7			5			2			7	

Note. The statistic reported is the standard deviation.
Italicized entries indicate a statistically significant difference in the opposite direction from that hypothesized.

Table III. Mimetic Isomorphism: Responses to Uncertainty Regarding Goals and Change and to Information Sharing ($N = 93$)

	Full sample	Goal ambiguity			Decline			Change			Sharing		
		Low	High	Probability	Low	High	Probability	Low	High	Probability	Low	High	Probability
Bureaucratic structure													
Differentiation													
Number of jobs as fraction of employment	0.3	0.3	0.29	0.789	0.295	0.297	0.991	0.288	0.308	0.669	0.315	0.266	0.265
Number of departments	3.23	3.154	3.424	0.372	3.156	3.439	0.368	3.32	2.805	0.15	3.215	3.227	1
Hierarchy													
Number of levels of management (log)	0.472	0.466	0.488	0.841	0.489	0.409	0.364	0.456	0.436	0.796	0.501	0.426	0.358
Direct reports to CEO (log)	1.41	1.489	1.24	0.192	1.464	1.285	0.387	1.348	1.5	0.487	1.535	1.234	0.124
Earnings gap btwn core and manager	12724	13331	11201	0.337	11984	14464	0.28	12716	12628	0.95	13743	11142	0.189
Infrequency promotion core to manager	0.96	0.974	0.91	0.547	*0.859*	*1.154*	*0.012*	0.951	0.963	0.933	0.989	0.894	0.431
Formalization													
Number of job documents (square)	14.704	15.44	12.966	0.291	15.37	12.819	0.292	15.99	12.703	0.148	16.14	12.56	0.118
Employment conditions													
Full-time work	35.77	35.97	35.534	0.844	35.65	36.163	0.963	36.47	33.946	0.461	36.90	34.52	0.465
Core workers' personal control over tasks	0.64	0.637	0.66	0.855	0.61	0.712	0.333	0.649	0.638	0.893	0.627	0.668	0.684
Intensity of core work	1.25	1.343	1.085	0.214	1.24	1.297	0.832	1.121	1.408	0.183	1.253	1.225	0.87
Stat signif comparisons expected direction			0			0			0			0	
Comparisons in expected direction			7			3			6			8	

Note. The statistic reported is the standard deviation.
There are no significant differences ($p < .05$) in the hypothesized direction in this table.
Italicized entries indicate a statistically significant difference in the opposite direction from that hypothesized.

Table IV. Normative Isomorphism: Professionalization and Networks ($N = 93$)

	Full sample	Consulting			Managers' education			Tables II–IV comparisons in expected direction		Index of all IIFs		
		Low	High	Probability	Low	High	Probability	Stat Sign	All	Low	High	Probability
Bureaucratic Structure												
Differentiation												
Number jobs as fraction of employment	0.3	0.327	0.257	0.089	0.259	0.212	0.449	1	10	**0.339**	**0.258**	**0.04**
Number of departments	3.23	3.142	2.936	0.544	3.212	3.232	0.906	0	3	3.065	3.228	0.556
Hierarchy												
Number of levels of management (log)	0.472	0.481	0.459	0.776	*0.343*	*0.571*	*0.013*	1	6	0.446	0.455	0.88
Direct reports to CEO (log)	1.41	1.527	1.31	0.265	1.331	1.489	0.597	0	4	1.222	1.364	0.426
Earnings gap btwn core and manager	12724	13618	12140	0.476	12898	10605	0.289	1	9	14561	11212	0.108
Infrequency promotion core to manager	0.96	0.922	0.985	0.566	0.947	0.799	0.317	0	7	0.888	1.003	0.33
Formalization												
Number of job documents (square)	14.704	**17.179**	**11.464**	**0.005**	12.381	13.738	0.716	3	9	**17.698**	**11.244**	**0.001**
Employment conditions												
Full-time work	35.77	33.437	37.921	0.172	36.454	29.697	0.129	0	7	36.951	35.202	0.648
Core workers' personal control over tasks	0.64	0.655	0.636	0.842	0.63	0.588	0.672	0	7	0.631	0.651	0.814
Intensity of core work	1.25	1.034	1.42	0.065	1.341	0.786	0.086	0	6	1.098	1.319	0.32
Stat signif comparisons expected direction			1			0						
Comparisons in expected direction			7			6						

Note. The statistic reported is the standard deviation.
Bold entries indicate a statistically significant difference ($p < .05$) in the hypothesized direction.
Italicized entries indicate a statistically significant difference in the opposite direction from that hypothesized.

factors thought to cause isomorphism. This is 5% of the 120 comparisons in the tables. This percentage is exactly the proportion of the comparisons expected to be statistically significant by chance at the .05 level. Similarly, the overall index of isomorphism-inducing factors, whose impact is reported at the right of Table IV, shows statistically significant differences for only two of the 12 IIFs. There is, thus, no overall support in this sample of Australian nonprofits for DiMaggio and Powell's theory of isomorphism production.

The statistically significant differences are concentrated in Table II; five of the six concern coercive isomorphism. There is a temptation here to conclude from this concentration that the dependence of nonprofits, which subjects them to the power of environmental actors, is the key to understanding their structures. Before giving in to this temptation, however, note that the five significant differences in Table II constitute only 8.3% of the 60 comparisons in this table. This is still a very low proportion and quite likely to have happened by chance.

Three of the six statistically significant differences are produced by one IIF, the importance of government revenue. These three constitute 30% of the comparisons in that column. This many statistically significant differences in the expected direction are unlikely to have happened by chance. Still, this proportion is a minority of the 10 possible comparisons, even in this most isomorphogenic of columns.

Counting differences in the expected direction provides an additional, though only suggestive, way to look for patterns consistent with the theory of structural isomorphism. The greater the deviation from 50%, the greater may be the manifestation of a pattern. The tables do not reveal such patterns. Across the three tables, 68 of the comparisons are in the expected direction, constituting 56.7% of the 120 comparisons or barely more than half. The proportions in the expected direction in the three tables are 51.7%, 60.0%, and 65.0%, all clustered near half. Moreover, Table II with its seeming concentration of statistically significant differences has the smallest proportion of differences in the expected direction, again underlining the absence of a supporting pattern.

The multi-variate analysis (tables available from the author), with controls for size, age, and slack resources, replicates the bi-variate findings. Now, there are only four statistically significant differences, with three concentrated in the table for coercive isomorphism, and two generated by the importance of government revenue. Seventy differences (58.3%), overall, are in the expected direction, with 53.3%, 65%, and 60% for the three tables, respectively.

Overall, the analysis does not, by any stretch, demonstrate isomorphism among Australian nonprofits, taken as a whole. On the contrary, the findings show very substantial variety across this sector. Moreover, the analysis does not support the application of DiMaggio and Powell's (1983) explanations for isomorphism to Australian nonprofits as an organizational field.

DISCUSSION

These negative findings should be carefully thought through because of the substantial influence DiMaggio and Powell's (1983) theory has had on organizational studies,[13] because of expectations that nonprofit organizations would follow the theory, and because of the important implications of isomorphism (or the absence of it) for nonprofits.

Limitations of the Study

The negative findings may reflect not the absence of isomorphism in Australian nonprofits but inability to detect it with these data. Here, a number of points relating to measurement, time of data collection, data set size, Australian particularism, and definition of the organization field, need to be made.

Measurement

The data measure many relevant concepts, but some measures are minimally adequate, for example the measures of subordination to headquarters and dependency on donors. Some relevant concepts, furthermore, cannot be measured at all with these data, for example, standardization, accounting practices, and relations with peak bodies. All secondary analyses, however, suffer from less than optimal measurement. The AusNOS data provide wide coverage of organizational characteristics and IIFs, certainly more than satisfactory for this kind of broad, rather than deep, analysis. The decided weakness of the findings should not be ascribed to poor measurement.

Time of Data Collection

While the data analysed here were collected quite recently, in 2001–2002, one can imagine circumstances under which isomorphism might have arisen since, such that subsequent data collection might reveal isomorphism that was not present only a few years ago. First, isomorphism-inducing processes that began not too long before data collection may not yet have manifested their effects. This would be especially the case if the process were intensifying or becoming more extensive over time, as has been the case, for example, with government funding by competitive contract. Second, some isomorphism-inducing factors may be more one-time events than on-going processes. If the impact of such an event were

[13] As of this writing, DiMaggio and Powell's article has been cited 1,703 times in journals included in the Web of Science Citation Indices.

adequately powerful, it might produce isomorphism more quickly than the speed with which many organizational changes take place. For example, the recent spate of corporate collapses has focused substantial media, political, and legal attention on governance in both the for-profit and nonprofit sectors. With the raft of such collapses postdating AusNOS, some isomorphic changes in governance structures and practices may have taken place since the data were collected. These scenarios explain how Australian nonprofits may now be more isomorphic than AusNOS reveals. Still, more, relative to the very little detected, is not the same as the expected impressive pattern of isomorphism.

Data Set Size

Given the modest size of the nonprofit sample, a substantial difference between the standard deviations of the two IIF strata was required to call the difference statistically significant. Might the nonconfirming conclusions be due to poor statistical power? How might the conclusions have been different with a larger case base that reproduced the responses of the existing cases? An answer to these questions can be approximated by relaxing the conventional .05 standard for statistical significance. For exploratory purposes, the criterion will be relaxed considerably to $p < .20$, a level virtually never seen in social science analyses. Among Tables II, III, and IV, this simulation of a larger case base adds 12 comparisons in the expected direction. This yields a total of 18 statistically significant differences in the expected direction out of 120 comparisons or 15%, well short of the 20% expected by chance. Moreover, inspection of the pairs of standard deviations confirms that most are very similar. A modest case base does not appear to be responsible for the nonconfirming findings.

Australian Particularism

Perhaps Australian nonprofit organizations are heterogeneous, while nonprofits in other societies, if studied in a similar manner, would show more isomorphism. If so, generalizing from this analysis to conclusions about nonprofit organizations per se would be in error. The enumeration earlier of special characteristics of Australian nonprofits that might impact the level of isomorphism, however, does not lead to the expectation of unusually low levels of isomorphism in Australia. In fact, that list included many Australia-specific characteristics that should increase the level of isomorphism, and several of these reasons have the weight of a long history or of the law behind them. Moreover, increasing isomorphism should not be seen as an element of historical evolution, so that Australian nonprofits might be expected to "catch up" with those in the U.S. over time. DiMaggio and Powell's basic contention that organizational fields become more isomorphic as they become more structurated (1983, p. 147) may invite this conclusion. Certainly,

structuration is a process that occurs over time, but it should not be treated as necessary or desirable.

Definition of the Organizational Field

DiMaggio and Powell (1983) argued that isomorphism is promoted by intensified interaction of all sorts within an organizational field. The choice of nonprofit organizations as the field may obscure existing isomorphism if the nonprofit sector does not correspond to the set of organizations within which the most influential interactions occur. Fields, correctly defined, would be quite isomorphic, while the nonprofit sector taken as a whole would be characterized more by its variety. Interactions may be most frequent and influential among organizations that make the same product or service, that is, the same industry. The 93 nonprofits in the AusNOS sample include 18 educational providers, 14 health care providers, and 29 social service providers. Larger numbers might allow detection of higher levels of isomorphism within these distinct industries. DiMaggio and Powell's reasoning and words suggest, moreover, including not only nonprofits in an industry, but also for-profit and government organizations in the same industry, plus their supplier and client organizations, their regulators, and their peak bodies (1983, p. 148).

Adding these organizations will allow assessment of whether, in producing isomorphism, technology and resource dependencies characteristic of all organizations in a given industry are most important, or whether, instead, legal form, which distinguishes nonprofits, for-profits, and government, even those in the same industry, is more important. From this point of view, nonprofits would resemble for-profits not primarily because of the standard assertion that nonprofits are being forced to adopt for-profit structures and practices but rather because of common isomorphism-inducing factors.

Pursuing further the search for nonprofit isomorphism by redefining the organizational field, it will be important not to fall into the trap of defining the field by the collection of organizations with the greatest structural similarity, then finding a label *post hoc* for what may be a rather odd (and sample-specific) collection of organizations. Rather, guided by this or another theory, researchers will need to define a field by the factors expected to promote sameness. Sticking with DiMaggio and Powell's isomorphism "drivers" would lead to asking, in which fields involving nonprofits are dependencies, uncertainty, and professionalization greatest?

Detailed knowledge of a field can lead to quite specific hypotheses about the generation of isomorphism. Thus, agricultural cooperatives share a dependence on large food retailers. Likewise, hospitals, be they for-profit, government, or nonprofit, share upstream dependencies on concentrated drug wholesalers, machinery suppliers, and physician specialty groups and downstream dependencies on huge insurance companies. All of these shared dependencies can be expected to lead

to shared compliance with directives, quite specific examples of coercive isomorphism. Similarly, health care organizations, including hospitals, nursing homes, and domiciliary care providers can be expected to reflect the quite specific and pervasive normative influence of the nursing profession.

Nonprofit Isomorphism

These data and analysis limitations are important. The need to explore alternate organizational field specifications is the most important. Still, it would be a mistake to discount the substance of the largely nonconfirming findings because of these limitations.

First, what lies behind the isomorphism the analysis did detect? This is concentrated around formalization, measured by the number of job documents. A cynical view might hold that formalization does not really matter. This view, however, underestimates its potential impact. Weber, himself, underlined the importance of "the files," that is formalized, written documents, in freeing organizations from dependence on individuals (Gerth and Mills, 1946). In addition, diverse studies have shown formalization to be a powerful force against discrimination and sexual harassment in the workplace (McIlwee and Robinson, 1992; Mueller *et al*., 2001; Tomaskovic-Devey *et al*., 1996).

Isomorphism with regard to formalized job documents is associated in this analysis with dependence on government revenue, a high unionized percentage of core workers, and extensive use of consultants. The first two of these findings correspond to previously published studies regarding organizations in general (Brown *et al*., 2000; Kalleberg *et al*., 1996; Pfeffer and Salancik, 1978). While union density and power in Australia as elsewhere are declining, Pynes (1997) argues that union strength in nonprofits can be expected to grow in a manner parallel to public sector unionism. Government funding of nonprofits, especially via formal contracts, and nonprofit use of consultants are increasing. Overall, then, the pattern of nonprofit isomorphism with regard to formalization is not surprising and can be expected to solidify still further.

The key substantive question suggested by the findings is, what might explain the lower than expected level of isomorphism among nonprofit organizations? One answer is to reject the application of DiMaggio and Powell's (1983) hypotheses to nonprofits, concluding instead that these organizations are less dependent, less subject to uncertainty, and less enmeshed in networks of experts than many believe. It would be inappropriate, on the basis of one sample, to draw sweeping conclusions of this sort, especially conclusions that abandon the heart of a highly suggestive theory with a strong conceptual apparatus and growing empirical support. Still, the negative findings here should not be shunted aside. Rather, they should motivate careful, nuanced, contextualized, and sceptical future theorizing and empirical inquiry, both quantitative and qualitative.

Another possible reason for the negative findings here is that nonprofit organizations, through their boards and managers, may be pursuing other adaptations besides isomorphic change to the problems and pressures they face. These possible adaptations range from the taken-for-granted to the consciously strategic. Nonprofit managers may be a strategic match for constraining, isomorphism-inducing forces in the organizations' environments. Nonprofits may shape their adjustments to their institutional environments more actively than might be suggested by DiMaggio and Powell's (1983) original formulation.

Moreover, the variety in nonprofits documented here could result from the absence of adaptation. This could arise from a failure of actors in the environment to monitor compliance or from slack resources that free some nonprofits from the need to comply. Still another possibility is that organizations may not be able to adapt even if they want to (Hannan and Freeman, 1977; 1984). Organizations that cannot change survive, especially in a competitive environment, only if they were born fit; otherwise, they die. Over time, then, a variety of nonprofit organizations are founded. If a heterogeneous environment provides resource niches for that variety of nonprofit structures, nonprofit variety should be preserved.

CONCLUSIONS

As suggested at the start of this paper, nonprofit isomorphism would be quite important for a number of fundamental reasons. Tentatively accepting the unexpected findings leads to reconfiguring the reasons for the importance of isomorphism.

First, heterogeneity means that best practice (the term of a hundred years ago was "the one best way") has not yet swept through the nonprofit world. The implication is that ultimately efficient and productive organizational methods have not yet been discovered, disseminated, and institutionalized. Few would disagree with this statement.

Second and more positively, variety means institutional expectations are not so uniform and so powerful as to enshrine only conformity and banish innovation. The nonprofit world may have considerable imagination and nerve for considering alternatives and change. Third and following on number two, weaker pressures for conformity make room for the search for more efficient ways to use resources and more productive ways to pursue nonprofit missions. Some failures are to be expected and to be understood as part of the process of nonprofit improvement.

Fourth, nonprofit variety means less bureaucratic and corporate hegemony. The pressure and temptation along these lines is strong, but variety means that some nonprofits offer work that is fulfilling rather than routinized and have structures that emphasize equality and diversity rather than hierarchy and conformity.

Fifth, heterogeneity means responsiveness. The variety of needs and desires for public goods in our society exceeds the capacity of government, which focuses more readily on the demands of the voting majority and of powerful elites. The private sector, including private nonprofits, is better suited to match a varied supply to a diverse set of demands.

Finally, variety means a broad organizational repertoire with which to face uncertainty and change in the future. Some adaptation to changing demands is possible, but the survival of the nonprofit sector – if future demands are radically different from present ones – depends in good part on the existence (before the shift in demands) of the organizational forms that will cope best with those future challenges. Assuming enough legitimacy to survive the moment, present variety is the best insurance that nonprofits will have a place in an unpredictable future.

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