

Diversify, specialize, restructure, ignore, or co-operate: analysis of the strategic responses from natural resource voluntary sector organisations living under the shadow of *austerity*

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Many European governments have instituted programmes of fiscal *austerity* in response to the global financial crash of 2008. These *austerity* programmes have sought to cut public sector spending, including to environmental management organisations which tend to be heavily reliant on public funding. This curtailment of funding impacts upon organization's business models, reduces their abilities to conduct environmental management activities, and drives them towards new organizational responses and strategies. After seven years of *austerity* in the UK, this paper engages environmental management organisations within the North Devon UNESCO biosphere reserve partnership to seek to understand how they have been affected by, and have organizationally responded to, the UK *austerity* agenda. Through eighteen semi-structured interviews it was discovered that, whilst many of the assumed negative impacts of *austerity* have been borne out, this period has also forced organisations to critically re-evaluate their strategy and governance. The outcome of which is that organisations have tended to adopt individual and mixed strategies of *diversifying, restructuring, specialising, avoiding, ignoring* or *co-operating* in response to *austerity*. Each response or combination of responses brings its own risks, rewards, and outcomes. Considering the breadth of existing international *austerity* programmes, and the scope for further *austerity* in the wake of new global financial shocks, this study points towards responses and strategies that organisations can adopt to survive, and perhaps thrive in austere times.

Introduction

In 2008 the global financial sector suffered its most serious event in a century (Lazar, 2012). Although this global financial crisis originated in poor deregulated banking and real estate practices in the United States of America, globalisation meant that this crisis quickly spread to other precarious investments around the world. This in turn precipitated a global economic slowdown which, after nine years, is still being felt today; with levels of economic activity yet to return to their pre-crash high points. Some observers now consider this the worst recovery from an economic crisis, though this remains a contested argument (e.g. Scott, 2016). Over the last nine years international governments have sought policy responses to counteract the downturn and return their economies to growth. In some cases this has forced countries to adopt drastic fiscal measures to counter recessionary forces. One of the most impactful policy responses to this crisis was for government induced fiscal *austerity*. This *Austerity* is part of a wider stable of neoliberal policy levers (Hall, 2011) and suggests that, in times of crisis and reduced tax receipts, reduced public spending can lower the public deficit and reduce unnecessary debt repayments. Although cutting public spending is seen by many economists and policy makers as more effective than raising taxes in a crisis, it is contentious, with others arguing that it decreases demand and creates a negative cycle of depression (Piketty, 2014)

The United Kingdom (UK) has a large financial sector which was badly impacted by the global financial crisis (Walsh, 2016). In response to the crash, the New Labour government of Gordon Brown took extraordinary measures to buy the ‘bad’ debt from UK banks and stabilise the markets. In the near aftermath of the crisis the then Chancellor Allister Darling instituted a Keynesian stimulus package to try and re-start economic growth (Walsh, 2016). However, in 2010 the New Labour government lost a general election, and ceded control to a Conservative-Liberal Democrat coalition. The new Chancellor, George Osborne, reversed the Labour stimulus response to the crisis and replaced it with an *austerity* programme that sought to completely remove the UK structural-deficit within a single parliament (to 2015). All government departments were instructed to submit models forecasting budgetary reductions to meet the reductions in public spending. However, the global recovery from the crisis was particularly slow, and *austerity* policies of the UK government failed to meet their own targets (Crawford et al, 2014) leading to continued *austerity* beyond the first parliament into a second Conservative majority parliament (2015 -). Indeed, the *austerity* policies that the UK government adopted in response to the global financial crisis have now been roundly critiqued

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as economically illiterate (Boyer, 2012), morally indefensible (McKee et al, 2012; Brand et al, 2013; Ridge, 2013), and perhaps even cover for wider ‘small state’ political aspirations (Schfer and Streeck, 2013).

The UK environmental voluntary sector and *austerity*

The Department for Environment, Food and Rural Affairs (Defra) is the government department charged with environmental protection, food production and standards, agriculture, fisheries and rural communities in the UK (Institute for government, 2017). Defra is small department compared to others in the government (Institute for government, 2017), and has seen significant budgetary cuts (through *austerity*) of 29.9% during the coalition Parliament (2010-2015) (HM Treasury, 2015^A), and by a projected additional 15% by 2019 (HM Treasury, 2015^B). These cuts have significantly reduced Defra’s abilities to carry out its remit (McEldowney, 2016). Moreover, the cuts to Defra budgets have led to significant cuts in the budgets of the natural environment agencies that Defra supports, such as the Environment Agency and Natural England. As the primary funder of the UK environmental management policy subsystem, Defra (including Natural England and the Environment Agency) directly and indirectly financially supports a range of organisations, projects and businesses involved in protecting the environment and agriculture. This includes the UK environmental voluntary sector (EVS) who play a critical, but somewhat under recognised role in the management and delivery of government policy for the natural environment (Clifford et al, 2013).

The entire UK voluntary sector is estimated to include 161,000 organisations with an estimated income of £39bn (NCVO, 2014). The UK voluntary sector is a very broad and inclusive appellation, replete with organisations differing significantly in terms of their fundamental nature (mutuals, friend’s societies, charities, academic) their financial support arrangements (state funded, privately funded, membership funded) and their activities (private sector activities, advocacy, campaigning). Organisational size continues to be one of the most important differentiating factors that is bifurcating the UK voluntary sector into two broad categories of organisations (Milbourne, 2013). There are the larger bureaucratized organizations who tend towards being business driven, utilizing significant amounts of governmental contracting and managerial processes. These organisations were drawn close to government during the New Labour administrations who saw them as means of delivering many of their environmental and sustainability agenda (Singh, 2010). As a consequence, they

are far better aligned to government policy, but also historically reliant on the funding that flows from this alignment. Certainly some of the larger VSO' in this category manage this risk by diversified funding bases (usually utilising diversified membership and assets as well as government funding) though not all have managed this risk. The other kinds of VSO tend to be smaller, more ethics driven, historically less reliant on government contracts, and less bureaucratized. Contemporary research highlights that the UK EVS organisations of both type, large and aligned to government, and small and un-aligned, remain to a lesser and greater degree reliant on government funding to be financially viable (McGovern, 2016). Organisations within the UK EVS face many contemporary challenges, and as highlighted by Markham (2011) these include dilemmas of internal structure (e.g. Dart, 2011; Milbourne, 2013) of resource acquisition, and of goals and strategies (Milbourne and Cushman, 2015). However, similarly to Milbourne and Cushman (2015), this paper suggests that *austerity* (e.g. resource acquisition) presents the most prescient and demanding dilemma to the UK EVS. Previous studies have highlighted the importance of organisational structures in designing responses to *austerity* (e.g. Sanz-Menendez and Cruz-Castro, 2003). Though there is little research exploring the effects of the current wave of *austerity* on voluntary sector organisations (Leslie and Canwell, 2010; Clarke et al, 2016); and fewer studies exploring the effects on the EVS specifically. That said, the current *austerity* period throws all of Markham's (2011) dilemmas into stark relief, as it is arguably the longest and most damaging period of prolonged *austerity* that the EVS has ever had to endure (McGovern, 2016).

It has been suggested that the amount of funding distributed from government to voluntary sector has fallen during the period of *austerity* (NCVO, 2014; Jewson et al, 2015; Jones et al, 2016); though again the degree to which this is true of Defra and the EVS remains un-researched. However, driven by isomorphic pressures many UK EVS organisations over the 1997-2010 period become increasingly 'close' to government and reliant on public funds (Clifford et al, 2013). Thus, it is assumed that the period of ongoing public *austerity* has affected their funding profoundly. Organisations which were previously reliant on public funding have been forced to respond to *austerity* with changes in their business and funding models (e.g. Hastings et al, 2015). Milbourne and Cushman (2015) conceptualise these in terms of *complying*, *transforming* and *resisting austerity*. Whilst no doubt this three typology is important for capturing how organisations internalise their responses to *austerity*, it does not how they externally, and physically, respond with changes in their business and funding models in response.

In the 2013 volume ‘voluntary sector in transition: hard times or new opportunities?’, Milbourne theorised that the size of organisation one of the main dynamics that contemporarily shape the UK voluntary sector. Milbourne further suggested that the sector as a whole was bifurcating into two distinct camps. There were those larger organisations who could be characterised as highly professionalised, close to government and public funding, financially ambitious and increasingly business-led, rather than values-led. On the other side the sector was also creating another group of smaller, mission and values-driven, smaller micro to small scale organisations. This theoretical bifurcation of the sector is an interesting theoretical construct for offering explanations about why different VSO’s are responding to *austerity* in different ways. The notion that voluntary sector organisations might be adopting different kinds of response to *austerity* was proposed in Milbourne and Cushman (2015). The corollary of these two positions would suggest that a) EVS organisations are adopting discrete and mixed strategies or responses to the *austerity* period, and that, b) the size of organisation might be an indicator as the kind of response strategy that they are adopting. That said, the degree to which organisational size is affects responses to *austerity* remains un-researched. It is therefore hypothesised that different organisations will be adopting different kinds of response strategy to *austerity*, and that organisational size is playing an important role in shaping these response strategies. This hypothesis is empirically tested through an appropriate research methodology.

Methodology

To better understand the phenomena of how *austerity* had been affecting EVS organisations, a case study approach was adopted, and purposely sampled individuals representing organisations within a single designated location. For this purpose, this paper selected the North Devon UNESCO biosphere reserve (BR), which is the longest running, and arguably one of the more successful biosphere reserve in the UK. This designated location is one of six hundred and sixty-nine designated biosphere reserves (2017) in the UNESCO Man and Biosphere programme (MAB). Biosphere reserves were initially created to provide locations to highlight the connection between man and nature and then later as sites to showcase sustainable development in practice (Price, 2002). They act as place-based ‘living laboratories’ of land management innovation and best practice (Coetzner, 2014). Although the UK government have has historically had a fractious relationship with UNESCO, even

withdrawing entirely from 1985-1997 (see Osmańczyk and Mango, 2003); biosphere reserves remain an important element of contemporary UK natural resource management (Price, 2002). The selected BR is a deviant case study (e.g. Odell, 2001) due to its recognition as an exemplar of best practice by UNESCO, where it is the longest running biosphere in the UK, and it is only biosphere reserve in UK MAB programme that has been allowed to expand in recognition of its successes (twice in fact). Congruent with all other biosphere reserves in MAB, the BR is place-based, designated by UNESCO but managed by the national government. It is organized as three concentric zones of management - a biodiversity rich *core* zone (based upon the Branton Burrows), a slightly larger *buffer* zone (based upon the Taw and Torridge estuaries), and a larger *transition* zone (covering the majority of north Devon). The most recent expansion of this BR saw it expand to include a significant proportion of the abutting marine environment, meaning that it also the only UK biosphere reserve to manage marine, terrestrial, and coastal zones. Each national government which supports UNESCO MAB does so through unique configurations of national law, funding, management and governance arrangements. Thus, each biosphere reserve is a reflection in part of the underlying MAB concept, but also of the national governance configuration that supports it (Coetzner, 2014). In the UK this means no statutory footing in law (or statutory duties or obligations), no direct or statutory funding, and limited support in policy. This all means that the UK iteration of MAB is particularly lacking in strong or hard instruments to support their land management activities. UK biosphere reserves instead have to survive with limited funding, limited political support, and a particularly crowded conservation landscape replete with other designations also seeking political patronage, funding, and statutory power (Price, 2002). In the absence of statutory power, direct funding, or political patronage this case study BR has instead had to develop a suite of soft power tools and approaches in the interests of surviving. These have included the creation of a robust and collegiate partnership of EVS organisations to offer various forms of support to further its work.

Figure One. The North Devon UNESCO biosphere reserve



Congruent with the majority of other contemporary land management designations, the BR is principally comprised of a group of stakeholders with varying interests, power, and position (e.g. Reed et al, 2009). Although the composition and power dynamics within this partnership do change over time, it is a relatively stable partnership that is buttressed by several larger and more influential organisations.

A qualitative case study research design was adopted. Purposive sampling led to eighteen semi-structured interviews being conducted with individual participants (from BR partnership organisations) from February 2016 until September 2016. Participants from twelve different organisations were sampled, and these organisations were classified based upon their organizational size. Eurostat (the European Commission's statistics agency), and this paper, define company classification based upon size: *micro businesses* being less than 10 employees, and/or turnover under £2 million; *small businesses* are less than 50 employees, and/or turnover under £10 million; *medium businesses* are less than 250 employees and/or turnover under £50 million; and *large businesses* are more than 250 employees, and/or turnover of more than 250 million (Eurostat, online). Based upon this classification of organizational size, the purposive

sample comprised two large organisations, one medium organization, two small organisations, and seven micro organisations. This sample represented over 90% of the organisations engaged with the BR partnership which, as per Fusch and Ness (2015) was taken as a ‘saturated sample’. This led to two initial findings; that micro organisations dominate the BR partnership (in terms of number of organisations); and that the sample itself is dominated by multiple participants from a number of number of key and influential organisations (e.g. the BR executive team, Devon Wildlife Trust).

There was a pronounced asymmetry in the depth of responses to the discourse about *austerity*. That said, each participant offered an opinion about how they personally, and how they perceived their organization to had been impacted by *austerity*. Critically, all the participants offered an opinion on how they perceived that their organization had formulated responses to *austerity*. Thus, the principal units of analysis were at the individual and organizational scales. It is important to note that the views of participants on organizational responses do not necessarily represent the official position towards *austerity* of their organisations – merely the participant perception and opinion on these responses. Therefore, these opinions should not be taken as the official organizational position, but as opinions and perceptions, even in micro scale organisations.

Interview transcripts were transcribed and coded in nvivo 11 against a pre-set coding matrix. The coded data was used to inform a thematic analysis that led, in turn, to a number of important results.

Results

All the participants were broadly open to discuss how *austerity* had affected them and their organisations. Congruent with Milbourne and Cushman (2015) a majority of the sampled participants commented on how this effect on their organization had been detrimental and negative (15 of 18). That said, many expressed nuanced opinions on the form (and impact) of the positive, but largely negative effects of *austerity* on their organisations. Moreover, all eighteen cases articulated opinions on how their organisations had formulated some form of response to *austerity*. The perceived organizational responses varied significantly in their form and impact. Once again, Milbourne and Cushman (2015) suggested that organizational responses to *austerity* could be categorized as *resisting*, *transforming* and *conforming*.

Although overarching organizational responses congruent with Millbourne and Cushman (2015) were witnessed in this sample, this research found a number of other responses that did not fit their typology. A spectrum of organizational responses that were more varied, nuanced, and multi-faceted were found. Participants talked about how, broadly, their organisations were adopting unique strategies to *austerity* that suited their unique set of interests, strengths, and talents. Thus, each response to *austerity* was suggested to be idiosyncratic to the organisation. That said, these responses (and strategies) were comprised of combinations of responses which were amenable to categorisation in one of five broad appellations: *diversify*, *co-operate*, *specialise*, *restructure*, and *ignore*. When more than one type of response was articulated, they were labelled collectively as an organisational strategy. All the organisational strategies were comprised of combinations of one or two responses. The responses, or particular combination of responses, that each organisation within the sample had taken is presented in Table One.

Table One. Results of semi-structured interviews

Organisation	Purpose	Size	Founded	<i>n</i>	<i>C</i>	<i>P</i>	Diversify	Specialise	Restructure	Ignore	Co-operate
National Trust	Preservation & land management	Large	1895	3	1.3	1				*	*
						2				*	
						3				*	
UNESCO biosphere reserve	Integrated land management	Micro	1972/ 1997	3	1.3	4					*
						5			*		*
						6			*		
Organisation Three	Conservation	Medium	1962	2	2	7		*	*		
						8	*	*			*
Organisation Four	Integrated land management	Micro	2012	2	1.5	9					*
						10					*
Organisation Five	Catchment management	Small	1995	1	2	11	*	*			
Organisation Six	Rural arts	Micro	1966	1	2	12			*		*
Organisation Seven	Coastal and catchment representation	Micro	1987	1	1	13				*	
Organisation Eight	Environmental health and wellbeing	Micro	2015	1	2	14	*				*
Organisation Nine	Coastal conservation	Micro	1993	1	1	15				*	
Organisation Ten	Economic development	Micro	2009	1	1	16			*		
Organisation Eleven	Land management	Large	1908	1	1	17				*	
Organisation Twelve	Land management	Small	1983	1	2	18	*		*		

Discussion: responses to *austerity*

This research found that although participants all considered that *austerity* had negatively affected their organisation, but that each organisation had adopted a range of different, and in many cases a configuration of different responses to *austerity* (e.g. a strategy). Although all the participants held broadly negative opinions about *austerity*, there was a split between those who had reframed this negativity a positive frame of ‘opportunity’, and those who remained convinced that *austerity* was a wholly negative period that had to be endured as best possible. These data found a fundamental split between those individuals which reframed it into a positive opportunity, and those that remained stuck on its negative dynamics. The different responses related to how organisations were responding to *austerity*, as opposed to how they were being affected by it. Each of these five responses is now explored in depth.

Diversify

Johnstone (2001) highlights how *diversification* is a commonly recognised response to periods of *austerity*. That said, although the literature discusses *diversification* as an *austerity*-response in higher education settings (e.g. Johnstone, 2001; Wangenge-Ouma and Nafukho, 2011), in rural agricultural settings (Niehof, 2004; Mwaura, 2017), and defence settings (Riley, 2012); there is little exploring this dynamic in the context of the EVS. There has been a smaller degree of research exploring the general action of business *diversification* in voluntary sector organisations (e.g. Chang and Tuckman, 1994; Froelich, 1999; Carroll and Slater, 2008). Though again, there has been little research exploring this dynamic for environmental organisations. As Table One highlights, four participants from four organisations suggested that their organisations had adopted a strategy comprised of *diversification*, in addition to ‘something else’ (e.g. either *co-operating*, *restructuring*, *specialising*). Indeed, participants considered that no organisation was solely choosing to diversify in response to *austerity*. *Diversification* was always seen as part of a strategy of responses to *austerity*, and never as a standalone option. There was a limited correlation between *diversification* and organisational size (all were a mixture of small or micro scale organisation), and no correlation between *diversification* and the purpose of the organisation (as per Table One).

The four participants explained how *diversification* meant a change in business activities, from traditional activities to new activities. The rationale being that, if traditional avenues of business were not attracting the funding or revenues that they once did, then new or other

avenues might offer new revenues or an opportunity to spread revenue generation across a greater spread of activities. This meant that *diversification* was either about fundamentally changing business activities from one activity to another, or increasing business activities. Two participants suggested that although this ostensibly would mean changes in the external positioning of the VSO and how it appears to generate revenue, it also often required a degree of internal reconfiguration to reflect the realigned external revenue generation activities. Although only four participants offered comments about *diversification*. All four talked about how *diversification* was a reframed positive, or ‘transformative’ response to *austerity*. They discussed how, through *diversification*, their organisations were seeking to turn the negative experience of *austerity* into an opportunity for to break into new markets and win new business. P8 discussed how the combination of increasing organisational professionalism and public *austerity* has meant that they are now aligning away from ‘public sector handouts’, and instead were positioning themselves as the ‘delivery partners of public projects and contracts’. P8 further suggested that *austerity* had led to the public sector doing less, meaning that public sector actors were now seeking external partners to deliver more. Thus, although *austerity* was broadly seen as negative, it was also being seen by some organisations as a genuine opportunity for breaking into greater public service provision. The driver of this *diversification* response was to reframe *austerity* from a negative experience into a positive. On the other side of this, P18 suggested that their *diversification* was less a positive ‘transformative’ experience. Instead P18 saw it as more a strategy to spread revenue generation risk, and ‘try to pick up anything’ from other revenue streams that they might not have previously considered. In this way it might be argued that, for P18’s organisation, *diversification* was a negative response to *austerity*. As per Milbourne and Cushman (2015), their response has been merely to ‘comply’ with *austerity*. This highlights the disconnect between the findings of this study and Milbourne and Cushman (2015), who, in their paper, sought to understand how organisations were internalising responses to *austerity*. In contrast, these findings highlight the physical operational responses that organisations are taking in response to *austerity*. Indeed, in this case it was shown how organisations who both chose a physical *diversification* response did so for different reasons – as a means of transforming *austerity*, and as a way of complying with it. This dynamic is returned to later.

Specialise

Whereas *diversification* entailed expanding business activities into new streams of activity, some participants (4 of 18) discussed their organisational responses to *austerity* in terms of seeking to become better at what they already do. The aim of the *specialisation* response being to ‘out-compete’ other organisations for limited funding, as the means of surviving *austerity*. Participants discussed *specialising* in terms refining their existing organisational offer to make themselves more competitive, and in terms of deliberately ‘crowding out’ the competition by offering better value. Thus, *specialising* in practice meant either becoming better or cheaper than their competing organisations. Although the literature sporadically addresses organisations seeking to be more competitive and ‘crowd out’ competition for scarce funding (Bradford and Cullen, 2013), there is little research exploring this in voluntary sector settings. This research found no clear correlation between participant opinions on *specialising* and organisational size and purpose. That said, two of the respondents were from the same organisation, suggesting that this was clearly an important response for the one medium-sized organisation in the sample.

A competitive *specialise* response to *austerity* might be true to the nature (and expected) of Milbourne’s (2013) larger, more commercially-orientated, and potentially competitive VSO’s. However, the findings were confounding in that the four participants raised *specialising* as a response, in addition to *co-operating* (e.g. within the same strategy). These two responses are the reverse of each other. This confounding result might have been explained within an organisations due to multiple and conflicting participant comments; but this combination of responses came from four discrete individual participants. This suggested that these two responses could co-exist in the minds of participants, that they were situationally dependent, or that they represented the conflicted nature of physical responses to *austerity* by VSO’s. Deeper discussion with these participants highlighted how they did not believe that *specialisation* and *co-operation* could exist simultaneously in the same relationship. Moreover, two participants commented on how their organisations did appear genuinely conflicted on their response to *austerity*. They agreed that *specialisation* and *co-operation* responses were contradictory, and highlighted the lack of a unified strategic organisational response. Two other participants suggested that these conflicting responses in fact represent the situational nature of responses to *austerity*. They suggested that different responses were used in response to different external stakeholders and that the entire notion of responses to *austerity* was not organisationally-focused, but situationally-focused.

Though in three of four comments, the preference was expressed for *specialising* in terms of refining the offer rather than ‘crowding out’ the competition. This was interesting as it suggested that at the individual unit of analysis participants considered that *specialising* was not ‘crowding out’ competitors and that besides, they were also seeking to *co-operate*. However, when asked to comment from the position of the organisational unit of analysis, these respondents were more likely to just call it ‘competing better’ or accept that their organisations might be seeking to ‘crowd out’ the competition. This spoke to a differential between the organisational and individual values and self-identified beliefs that were revealed.

Restructure

Six participants from five organisations suggested that in response to *austerity* their organisations were *restructuring* their business. They articulated how this meant *restructuring* in terms of changes to the human and physical assets of their business. The findings suggested that there was a clear correlation between organisational size and *restructuring*, with the smaller micro ($n=3$) and small ($n=1$) organisations being the most likely to *restructure*. The interview discourse suggested that, in response to *austerity*, the smaller EVS organisations felt that their best, and in some cases only, response to *austerity* was to comply with it (as per Milbourne and Cushman, 2015). This meant reducing their spending, or shedding assets to realise capital or reduce costs. It was noted how two organisations had capital assets to *restructure*, which was highlighted by two participants who suggested that their organisations preferred to shed capital assets ahead people. Those organisations without capital assets to liquidate were instead seeking to cut their costs by *restructuring* the staff internally, which, in all cases, meant changed and/or reduced roles and salaries. In a single case this meant having to lose members of staff. For example, P12 representing a micro organisation commented on how, in response to reducing public funding, their organisation had chosen to sell a property it had owned for decades. They discussed how *diversifying* carried greater levels of unacceptable brand risk, and that there was no-one else regionally for them to realistically ‘compete against’, and so *restructuring* appeared the only reasonable response. Certainly, given the option, this organisation would have retained this property, but P12 noted how *austerity* had forced them to choose between shedding staff or a property; and so, as a values and people-driven organisation they chose to liquidate the property first.

For those organisations who had decided that *restructuring* was the preferable response to *austerity*, but did not have physical assets to shed, then changes to internal roles and structures

were considered instead. Indeed, two participants from the UNESCO BR team discussed this dilemma. The BR executive team are a micro VSO in their own right, with no physical assets to liquidate, but have been facing a significant loss of funding and so have undergone significant internal restructuring. This has involved an evolution of the BR partnership towards a new spoke and hub governance structure to facilitate greater use of partnership members for filling roles and activities previously undertaken by the core funded BR executive team. It has also meant a gradual shift away from full time salaried employees towards an increased utilisation of un-paid (or low paid) internships and streamlined full time roles. These include job sharing and split roles with other partnership member organisations. For example, P4 commented on how they were now splitting their time 50-50 in another role within one of the organisations within the BR partnership. This split role (in a different organisation) will still involve spending a degree of time working on BR strategic actions. This may indicate that within the BR partnership, members are now considering financially subsidising direct roles within the BR organisation. This is important because, at present, the partnership is 'a coalition of the willing' who invest the time and some resources into supporting the work of the BR, but they are still discrete organisations. This may represent a shift away from this old model to a new model in which the partnership members who can afford to directly subsidise the staff costs of the BR are doing so.

The UK has traditionally utilised a non-statutory, and un-codified funding model that channels public funding through County and District councils to support biosphere reserves (Hambrey et al, 2005). With the retrenchment of these public councils away from discretionary (non-statutory) spending back towards their core functions then it should be expected that programmes such as BR will face funding cuts. The findings about *restructuring* suggest that in response to *austerity*, BR organisations might be considering greater partnership based funding models, as well as new governance models.

Ignore

Six participants from four different organisations considered that their organisations were adopting a response to *austerity* that could broadly be described as *ignoring* it. Three of these six participants came from the National Trust, a large national-scale VSO, one was from the organisation eleven, and the other two came from local, micro-scale VSO's. The result was reflective of how, in fact, there were two different reasons and ways of *ignoring austerity*.

Firstly, the two participants representing micro-scale EVS organisations suggested that they were *ignoring austerity* because they could not create or conceptualise any other responses to it. For them, choosing to reframe the situation to ‘business as usual’ was the most productive kind of response. These two participants agreed that their organisations had been affected by *austerity*, but that they had not created any strategic response other than to choosing to ignore it, and try to make the best of the situation. This was a position and response borne of weakness, and potentially a lack of options. That said, it was not a despondent response, but a response that accepted with resignation their powerlessness to formulate a strategic response to *austerity*.

Secondly, the National Trust and NFU participants (Table One) all suggested that although *austerity* had affected their organisations, this effect had been minimal. The National Trust participants suggested that their *diversified* funding base built upon a combination of membership, public projects, and land holdings was already sufficiently *diversified* to offset the worst effects of public *austerity*. Moreover, being one of the larger VSO’s in the UK meant that the National Trust had a fundamentally different relationship to government and public funders (they suggested). This meant that through their ‘influencing power and seat at the top-table’ (P2) they could reframe and influence the *austerity* period, rather than purely be affected by it. The National Trust is ostensibly politically neutral, and indeed participants did not suggest political preference, only that their organisation enjoyed a significant degree of influencing power over government. They suggested that this was to the point where they had the opportunity to frame *austerity* in a way that did not affect them.

In summary, some organisations *ignored austerity* either because they were too small and powerless to formulate any strategic responses to it; or, they were so large that they could *ignore* it because it was not going to substantively affect them anyway. Thus, the key variable driving the use of *ignore* responses was found to be size. This is returned to later.

Co-operate

The greatest number of participants comments (n-8) articulated how their organisations were seeking greater *co-operation* as a strategic response to *austerity*. Indeed, if the defining response from large organisations was to ignore *austerity*, the defining characteristic of the micro-scale organisations was to try and *co-operate* as a response to *austerity*. There were

eight participant comments suggesting *co-operative* responses, these included six comments from micro-scale participants, one comment from the medium scale organisation, and one comment from a large organisation. For these predominately micro-scale organisations, participants offered comments about how their organisations did not have the resources (or resource capacities) to *restructure*, or the avenues to *diversify* into, and so, *co-operation* was seen as a low cost, low risk response option. They broadly suggested that *co-operation* was a response of last resort, although in some cases respondents talked about *co-operation* in response to *austerity* as their first option based upon the trust and relationships that they had established through the BR partnership.

Participants talked about *co-operation* in terms of sharing resources and opportunities towards shared goals and mission. For example, P11 described how:

‘When one of us hears about some new money we are now more likely to call up the others who we think could benefit so we can all sit down and figure out how we can all get value from it. once upon a time we would have just taken this information away into a darkened room and seen what we could get out it for ourselves. That attitude has changed’.

Other participants talked about how, in the interests of meeting the BR’s strategic aims, they were now far more likely to share the time and expertise of individual staff (as discussed in *restructuring* section). Critically, they all noted how these new *co-operative* tendencies were based upon a number of dynamics. Participants expressed interest in *co-operate* responses only within certain groups and networks. They articulated how they were more likely to *co-operate* and share resources and opportunities with those others they had worked with previously and had developed bonds of trust with. Indeed, the BR partnership itself appeared to act as a forum for these relationships to be both built and developed. Participants also conceded that their tendency to *co-operate* was fundamentally about saving money and reducing repetition of effort. Moreover, the degree to which they considered themselves as having organisational identities that were as ‘small and not rabidly commercial’ (as one participant articulated) was also a common theme amongst these micro organisations desire to *co-operate*. The finding that micro organisations self-identified as not being overtly commercial suggested that their desire to *co-operate* was borne out of their fundamental ‘voluntary’ organisational nature. That said, two other participants suggested that this was a

deeper dynamic based upon individuals values-orientations. They suggested that within these micro organisations the views and opinions of each individual are welcomed, and play a larger role in shaping organisational culture and behaviour compared to larger organisations in which these values can get lost amongst the ‘clutter and noise’. These two participants suggested, the desire to *co-operate* in response to *austerity* was being largely driven by the values and interests of individuals within the micro scale organisations. This view of the micro-scale organisations as less-commercial, individual, and more values-led is confirmatory of the nature of smaller-VSO’s suggested by Milbourne (2013). There was some discussion with participants about whether their interests in the environmental sector made this dynamic different to other voluntary sector interests. Critically, on balance, they considered that the EVS might lend itself to *co-operative* responses based upon the tight delivery partnerships it creates, and especially those that seek landscape scale management practices. However, a near equal number considered that this *co-operative* dynamic probably has far wider application across wider voluntary sector interests, and is a commonality predicated upon the fundamental nature of voluntary sector organisations. One participant even counter-posed this compared to micro-scale private sector organisations, and suggested there was ‘*no way you’d see this kind of working together in the private sector*’; though whether this is accurate or just a voluntary sector perspective of the private sector remains unknown.

In summary, this *co-operative* finding may not be widely applicable, and indeed may just have been a quirk of this particular sample that is comprised of a number of organisations who work closely together and exhibited high levels of inter-partnership trust and social capital. That said, it can be assumed that many other micro scale organisations around the UK and Europe are similarly networked in partnership structures with organisations they either trust or enjoy a shared sense of missions with. This point is discussed in the conclusion.

Discussion: size matters

Correlating between the different variables and organisational responses to *austerity* leads to one principal conclusions – the organisational size is a good predictor of response behaviour. Table Two illustrates the five response options that were gleaned from the interview discourse, and organisational sizes.

Table two. Organisational size driven strategic responses to *austerity*

Participant comments:	<i>n</i>	Diversify	Specialise	Restructure	Ignore	Co-operate
Number of participant comments:		4	3	6	6	8
Comments from participants in micro organisations	7	2	-	4	2	6
Comments from participants in small organisations	2	2	1	1	-	-
Comments from participants in medium organisations	1	-	2	1	1	1
Comments from participants in large organisations	2	-	-	-	4	1

Table Two shows that there are clear response options being taken for certain organisational sizes. First, large organisations are largely choosing to *ignore* the *austerity* period. As explained earlier, these large organisations suggested that based upon their organisational resilience to external shocks (e.g. diversified funding streams) they were well placed to be able to weather the *austerity* period without any discernible or impacts upon their business. Thus, for the large organisations, participants expressed little need to reactively change their business models. In contrast to this, the preponderance of *co-operate* responses (75%) were from micro scale organisations. Certainly, micro scale organisations were the most well represented in this sample (58%), but they still comprised the majority of co-operate responses. This was explained where these organisations often felt the least capable of articulating responses that were overly aggressive (e.g. specialise - 0), and instead sought to *diversify* (2), then *restructure* (4), and most commonly to *co-operate* (6).

Another finding from the results was that different organisations were adopting strategies comprised of combinations of different responses. Although these strategies suggested different degrees of complexity (and perhaps sophistication) of response, the participant opinions suggested that no organisation appeared to be adopting an overtly complex strategy comprised of more than two different responses. This level of complexity (e.g. the mean of participant opinions on complexity) is given in Table Two by the *C* variable. This *C* variable shows that micro-scale organisations used (on average) a *C* of 1.3, small organisations used a *C* of 2, the single medium scale organisation used a *C* of 2, and the two large organisations used an average *C* of 1.15. This meant that the small and medium sized organisations appeared

the more likely to be adopting complex response strategies compared to the micro and large scale organisations. This is congruent with the finding that large and micro scale organisations were being more likely to ignore *austerity*. In contrast, the medium and small scale organisations were more likely to formulate complex and active response strategies, as they have the capacities to positively reframe *austerity* and seek to turn it into situational-dependent opportunities.

A series of correlations were also found between the age of organisations, and their size. In this case the age of organisations was taken as a proxy for the degree to which the organisation was institutional in nature (as per Lounsbury and Ventresca, 2002). Indeed, the two large-scale organisations were founded in 1895 and 1908; the medium-scale organisation was founded in 1962; the small organisations in a spectrum from 1983 to 1995; and the micro organisations from 1966 to 2015. It can therefore be seen that broadly speaking, the age of an organisation roughly correlates to its size, with the older organisations also being the largest; and conversely micro-scale organisations tending to be the youngest. There are a few exceptions to this finding, notably the BR itself, and organisation six (as per Table One). However the BR was technically closed during the UK's removal from UNESCO (1983-1997), meaning that as a 'new biosphere reserve' it has only been in operation for twenty years. The main conclusion drawn from this correlation was that the large organisations are, due in large part to their venerable age, should be seen as national institutions. Their longevity and institutional nature means that these two large organisations have, potentially, been successful at establishing robust business models that have transcended previous economic shocks. Conversely, the far greater number of organisations within the sample were micro-scale, relatively short lived, and more likely to be developing active responses to this period of *austerity*. In contrast the large organisations, based on their age and institutional nature, can afford to largely *ignore austerity*.

Conclusion

In conclusion, this paper sought to better understand how the *austerity* period was affecting UK EVS organisations. The literature suggested that such organisations would adopt a series of different kinds of responses to *austerity* (Milbourne and Cushman, 2015), and that these responses might be decided based upon variables, including the size of the organisation (Milbourne, 2013). That said, there was little understanding of how organisational size might be affecting the different kinds of responses organisations were opting for. To understand this

phenomena this paper utilised eighteen semi-structured interviews with individuals representing organisations from within the North Devon UNESCO biosphere reserve in the UK. These results were analysed, and led to an understanding of how organisations were broadly adopting one or two (of five) different but categorical response options to *austerity*. These responses were to either *ignore* it, *specialise*, *diversify*, *restructure* or *co-operate*. The overall findings confirmed that the key variable affecting responses was the size of the organisation. Though the configurations of organisational size and response options led to some interesting original and potentially significant findings. Large and micro scale organisations were more likely to try and *ignore austerity*. This was because the large organisations considered that their diversified and broad based business models had proved resilience to the reduction in public spending; and the micro organisations because they felt largely powerless to articulate meaningful responses to *austerity*. Thus, those *ignoring austerity* were doing so out of indifference and powerlessness which was fundamentally a function of organisational size. It was also found that those organisations most likely to try and *specialise* (e.g. ‘out compete’ their competition) as a response to *austerity* were predominately from the medium scale. This suggested that these organisations felt that a) they operated in a sector and market that allowed for enough competition and competitors; and that b) these medium scale organisations were more business and competition orientated. Certainly the large organisations were business orientated as well, but they broadly suggested that they existed at the apex of their business environments, and were institutional and long lived reducing the scope for any competitors to ‘out compete’. Indeed, the large organisations suggested that, although they were largely indifferent to *austerity*, that their route to business growth lay down other avenues. This finding suggests that within the EVS the most competition aligned businesses are of medium scale. That said, participants commented on how *diversifying* or *specialising* were only ever used as responses part of larger strategies. Thus, participants considered how, from their individual opinions, *specialising* (or out competing) was something that was only undertaken when done in combination with either *co-operation* or *diversifying*. Perhaps the most interesting finding was the degree to which micro-scale VSO’s were keen to *co-operate* in response to *austerity*. The findings suggested that their desire to *co-operate* was based upon the close relationships they had developed through the BR partnership, and the stock of shared social capital that had accrued within the partnership. This group of micro-scale VSO’s articulated a particular sense of shared mission with other, similar organisations which meant they were happier to share opportunities, staff, assets and risk with others. Certainly this might still be a response option borne out of

desperation, and it did not really suggest the degree to which this desire to *co-operate* was shared by other larger organisations (who were keener to use *austerity* as a window of opportunity for ‘out competing’ others). This finding pointed towards the BR itself acting as an agent of collaboration for these many young, micro-scale organisations. Whilst this was an interesting finding in regards the EVS (and indeed many participants talked about their shared sense of ‘ecological mission’ as part of the reason why they trusted others to want to *co-operate*), the degree to which it is repeatable in other voluntary sectors, or even in the public or private sector was not considered here. That said, the external validity of these findings can be considered. The degree to which the micro and large VSO’s were found to have different reasons for ignoring *austerity* speaks to the heart of the nature of the contemporary UK voluntary sector. Thus, these findings will probably have significance in other parts of the sector. Moreover, the dynamic for micro-scale VSO’s to *co-operate* as a response to *austerity* may be seen in other parts of the voluntary sector, but this might also be a result of the unique nature of the EVS. However, beyond this, external validity may become more tenuous. That said, this remains a paper whose original findings have impacts for the wider voluntary sector.

This research found that organisational size is the key variable driving *austerity* response behaviour in this deviant case study (confirmatory of Milbourne, 2013). This finding was also confirmatory of Milbourne and Cushman (2015) in that voluntary sector organisations are developing discrete response options, or strategies of option, in response to *austerity*. That said, these findings explore the relationship between organisational size and the response option in a way not yet undertaken. Indeed, they are original in this way, and point towards some significant new understandings about how the contemporary voluntary sector might be dealing with *austerity*. Although the larger and more institutionalised organisations are *ignoring* it, and the medium sized organisations are using it as an opportunity for market consolidation, those young, micro sized and with precarious funding regimes are finding it an altogether more challenging period.

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