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institutional change : a study of the UK Welfare State**

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**Rhetoric, Organizational Category Dynamics and Institutional Change:
A Study of the UK Welfare State**

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Accounts of institutional change and categorization conventionally assume that high-status change agents can impose change, even to stable category systems, which lower-status actors accommodate in order to ensure social approval and material resources. By exploring the UK Conservative-Liberal Coalition's rhetorical efforts to reform the welfare state, how welfare providers are categorized and the subsequent response of implicated category members, we offer instead an account of institutional change that exposes the agentic limitations of high-status actors. Whilst governments may well be in a position to impose changes in the formal rules of the game through manipulation of material resources (fiscal contraction, privatization, open markets, deregulation), we find that they cannot necessarily monopolize symbolic resources (identities/cultural features). We also find that deviation from cultural expectations is not only available to large, high-status organizations, low-status actors too have discretion over their responses to institutional pressures regarding how they are categorized and subsequently judged.

Introduction

The on-going global financial crisis has significant implications for the future of the welfare state, with scholars discussing the shift from a universal model where services are seen as a social right to a welfare model that places increasing responsibility on citizens creating a “self-service society” in many advanced democracies (Eriksson 2012; Kuisma 2013; Watson 2013). In the UK context, the election of the Conservative-Liberal Coalition in 2010 represented a shift away from the liberal collectivist approach of New Labour to an intensified neo-liberal regime (Grimshaw and Rubery 2012; Wiggan 2012). Whilst austerity measures and cuts in public funding could be seen simply as a response to fiscal constraints, scholars have convincingly

traced welfare reform to deep rooted ideologies about the role of the state vis-à-vis other actors (Alcock and Kendall 2011; Grimshaw and Rubery 2012; Wiggan 2012). Wiggan (2012) provides a useful example through his account of New Labour's conversion to a more activist state approach in tackling unemployment by introducing the Future Jobs Fund during the 2008-9 recession as an alternative to relying purely on market forces and the private sector to create jobs. This programme was swiftly abandoned by the Coalition in favour of familiar neo-liberal policy measures which instead focused on improving the financial attractiveness of employment and intensifying market incentives.

Despite the significant insights provided by such work into the discursive and ideational shifts in welfare reform and policy change associated with particular political regimes or 'administrative doctrines' (Hood and Jackson 1991), such studies are largely content-driven (Schmidt 2008). As such they reveal little about what policy texts "do", discursively speaking, or how tensions, contradictions and ambiguities play out not on the public stage of state governance but back-stage at the micro-level in specific organizations that deliver welfare provision. For the purposes of this paper, we thus narrow our focus from the vast domain of the welfare state specifically to ask, how did the Coalition construct the state and non-profit organizations' (NPOs) role in public service provision, what implications did this have for the categorization of welfare providers, and how did implicated organizational actors receive and respond to this political project?

Organizational categories are important because they possess disciplining functions, creating a categorical imperative for organizations to fit into a specific category in order to gain social approval and material resources (Lounsbury and Glynn 2001; Kodeih and Greenwood 2014). They convey cultural codes that are associated with membership of a particular category and carry expectations that audiences such as regulators, employees and consumers impose on

different ‘types’ of organizations (Vergne and Wry 2014). Until the election of the Coalition administration, NPOs operated in a familiar and monolithic context under the 1997-2010 New Labour administration (Conservative Party 2008). In particular, NPOs were recognised and treated in policy and economic terms as a distinct organizational category that ‘partnered’ the state in providing welfare services (Haugh and Kitson 2007; Alcock and Kendall 2011). The Coalition’s intensified neo-liberal approach and associated withdrawal of the state brings its treatment of NPOs in line with that of commercial entities (Conservative Party 2008) and cues the expectation that NPOs should embody the ideal categorical type – that of a professional and enterprising entity. This categorization, however, is not entirely consistent with NPO actors’ self-categorization and in a context where there are increasing claims being made upon the state (Grimshaw and Rubery 2012), marks a dramatic change in the relationship of the state with welfare providers and citizens.

We extend understanding of category dynamics in three interrelated ways. First, we highlight the power, struggle and conflict inherent in strategic categorization (i.e., strategically pursuing membership in one category *versus* another). In doing so, we show important limitations to the agency of both high and low-status organizations in respect of symbolic and material resources. Finally, we highlight the importance of categorization hierarchy in category dynamics where ‘opponents’ are characterized by significant power differentials.

Theoretical foundations

Early studies rooted in cognitive psychology that provided micro level analyses examining self-categorization among organizations (Porac *et al.* 1989) have given way to studies drawing on sociological insights. These more recent efforts have advanced macro-level understandings of categories as components of an organization’s external environment (Hsu and Hannan 2005).

Vergne and Wry (2014, pp.57-58), however, note that despite category studies offering ‘natural points of intersection between micro and macro’, this work has ‘become dominated by sociological perspectives associated with the categorical imperative’. At the core of a sociological perspective, is the inference that deviation from institutional expectations about category membership result in organizations being socially sanctioned and impelled to modify their behaviour - and do so due to the implications for access to symbolic and material resources. Amongst other things, what this points to is the importance of status relative to other category and field members as a potential driver of institutional choice. High-status within a field is theorized to privilege organizations with better access to valuable resources and the ability to change expectations and what is considered desirable (Durand and Szostak 2010). Consequently, status is understood to influence the likely success of change efforts (Phillips *et al.* 2004; Maguire and Hardy 2009) and mediate organizational interpretations of and responses to institutional demands (Kodeih and Greenwood 2014).

Because categorizations prime audience sense-making about what kind of organization particular entities are and value judgments about their products (Glynn and Navis 2013), it follows that a multiplicity of actors have a vested interest in shaping the meanings and boundaries affixed to particular categories. Some attention has been devoted to the mechanisms by which meanings are advanced by ‘authoritative field-level intermediaries’ (Kodeih and Greenwood 2014, p.10) but there remains a paucity of empirical research and incomplete theorization of how (high-status) change agents attempt to influence pre-existing, stable category systems and how (low-status) targets receive such institutional demands.

Policy change, categorical change and rhetoric

Political administrations attempt to influence categorization through embedding social templates within policy texts. Categories, in turn, establish meaning systems, shape the identities, interests and practices of actors, delineate rules for conformity and sanctions for non-conformity, set expectations about the similarity and comparability of producers and products within a category and create relations of power/knowledge within a field (Brown *et al.* 2012). Policy texts are thus a mechanism for institutional change in that they offer the opportunity to advocate the abandonment of previously institutionalized practices (and categories) because “better” options are envisioned (Brown *et al.* 2012). In mature fields such as the welfare domain, where institutionalized beliefs and practices are well established, purposeful disruptions are often necessary to initiate change. Moreover, change efforts are suggested to be more likely to succeed when a text producer is high-status and central to communication networks within the field (Phillips *et al.* 2004; Maguire and Hardy 2009), when they are tied to higher-order social values (i.e., assumptions about what is morally right/appropriate), and come at a time when the moral basis of existing arrangements are undermined (Suddaby and Greenwood 2005). Policy texts are therefore potentially powerful disruptive devices.

It is well accepted that this kind of disruptive work is often achieved through language (Suddaby and Greenwood 2005; Maguire and Hardy 2009). Indeed, how ideas, concepts and discourse affect social and political processes and outcomes has received increased scholarly attention over recent years and approaches that take ideas and discourse seriously are usefully brought together under the umbrella of discursive institutionalism (Schmidt 2008). Although numerous recent studies (Haugh and Kitson 2007; Alcock 2010; Grimshaw and Rubery 2012; Wiggan 2012) offer content-driven discursive accounts of changes in policy, the public philosophies or doctrines underpinning them and the links to wider welfare reform, few have considered what government

documents ‘do’ in constructing arguments for change (see Brown *et al.* 2012 and Eleveld 2012 for rare exceptions). Moreover, those that have fail to account for the role of change targets in discursively contesting such change efforts. In formulating their orientation to particular social issues and groups and arguing for particular outcomes, policy texts attempt to normalize certain beliefs, ways of talking about and behaving towards the phenomena they address. Such rhetoric is thus an exercise in power, designed to influence an audience towards some end. Despite the potential of rhetoric in advancing understanding of power dynamics between subjects, text producers and audiences, the growing stream of institutional research on discourse and rhetoric is not entirely at ease with the concept of power (Cooper *et al.* 2008; Carstensen and Schmidt 2016), defocalising the differential power relations between such groups. A central challenge for category scholars, therefore, is to show how and why categories are contested by entities with significant power differentials.

Research setting: the UK welfare domain

To frame the subsequent empirical analysis of how the Coalition discursively reconstructed the welfare state, the associated categorization of welfare providers and how implicated NPO actors subsequently responded, we provide a brief account of the 1997-2010 New Labour administration’s approach to welfare and its points of connection and departure with alternative party politics.

In the last quarter of the twentieth century, the UK – in common with many liberal welfare regimes like the US, New Zealand and Australia – had seen the promotion of the values of self-interest, self-reliance and individual opportunity by the Conservative government at the expense of community and the promotion of public services (Haugh and Kitson 2007; Wiggan 2012).

Following New Labour’s 1997 election victory, their pursuit of economic orthodoxy initially led

them to retain the previous Conservative government's public expenditure targets, placing increased pressure on public services. Their second term saw an increase in public expenditure. New Labour's "Third Way" public philosophy sought to resolve the ideological differences between liberalism and socialism, combining neo-liberalism with civil society renewal through engagement, inclusion and state-assisted opportunity – a liberal collectivist approach (Grimshaw and Rubery 2012). The Third Way was premised on the belief that 'a strong economy and strong society, in which citizens possess both rights and responsibilities, were closely interconnected' (Haugh and Kitson 2007, p.983). Labour, in essence, sought to graft elements of social support and social investment onto the free-market, neo-liberal policies of previous Conservative governments in the hope that this new hybridisation would win support from both pro-business voters and electorates who prioritised a renewal of social objectives in response to widening inequality and public infrastructure decay (Grimshaw and Rubery 2012). Under New Labour, there was a shift to the rhetoric of partnership between the state and NPOs and the hyperactive mainstreaming of horizontal support for the sector (Alcock and Kendall 2011), resulting in the treatment of NPOs as a distinct organizational category in policy and funding regimes.

Several commentators suggest that the election of the Coalition led to an intensified neo-liberal emphasis through a withdrawal of the state, market reorganization of public services, redrawing or abolition of minimum standards, and a welfare discourse that seeks to renew behavioral explanations for social problems (i.e. lack of personal and social responsibility) and tie this to the failure of statist intervention under New Labour (Grimshaw and Rubery 2012; Wiggan 2012).

The Coalition initially won the argument over the need for public spending cuts against a backdrop of recession, with public opinion polls showing widespread support that quite quickly narrowed (Taylor-Gooby and Stoker 2011). A key question is whether the deepening of neo-

liberalism can permanently suppress a significant proportion of the British population's preference for collectivist and publicly accountable solutions to welfare support and delivery. Here, we concern ourselves with what such a recasting of public philosophy means for how non-profit welfare providers are categorized and how they respond to the Coalition's recategorization of their organizational grouping.

Research methods

We follow a growing body of institutional scholarship, which engages with interpretive accounts of institutional contexts and processes (Suddaby and Greenwood 2005) and illuminates relationships between discursive acts and institutions (Philips *et al.* 2004). We explore the deepening of neoliberalism as the UK Coalition administration, through policy texts, theorized the need for change. We home in on the categorizations this rhetoric constructs for welfare providers and relate this to how non-profit actors interpret and rework these categorizations.

Data sources

Given our theoretical interests in the intersection between micro (internal) and macro (external) categorization, our research strategy involved two levels of analysis. Whilst acknowledging that any given political party or coalition will be constituted by divergent interest groups, we take policy texts as an appropriate starting point at the macro level due to their status as public artefacts that construct and communicate the 'prevailing posture or orientation of a government in its dealings with the public' (Lammers 2011, p.168). We chose texts that directly addressed issues of welfare provision and relations between state and non-state entities. These texts included the Compact of 2010, which renewed the original concordat between the government and non-profit sector; the Open Public Services White Paper (2011), setting out the argument for

diversification of organizations delivering public services; and Public Services (2012) which traced how the Open Public Services policy was taking effect. In addition, we also included the Conservative Party's 2008 Green Paper, *A Stronger Society: Voluntary Action in the 21st Century*, which was a significant review of UK policy towards the non-profit sector. Although this latter text is not a policy text per se, its critique of policy to that point signals the foundation of the shifts we go on to recognize in subsequent Coalition policies. In total, our data comprised approximately 348 pages of text.

At the micro level we relied on transcripts of 27 semi-structured interviews with paid staff (n=21) and trustees (n=6) of Local Infrastructure Organizations (LIOs). We chose LIOs for several reasons: they are NPOs and therefore members of the 'target' category in their own right; they occupy a unique position at the interface between local public agencies and other NPOs and are thus central in brokering relations between state and non-state welfare commissioners and deliverers; they have a specific remit to analyse, develop and provide coordinated responses to policy on behalf of front-line NPOs. Organizational actors were recruited through a combination of purposive and snowball sampling and interviews were conducted within their work premises by the second author. Initially, we negotiated access to interviewees through key strategic contacts (either the chief executive, or senior member of staff), based on those people who would likely be knowledgeable about the policy environment and/or public service delivery due to their job role. During the initial interview process, staff and trustees recommended other possible interviewees who were then invited to participate. Interviews took place over seven months, were recorded and transcribed verbatim and varied in length between 60-90 minutes.

The main focus of the interviews was discussing current policy agendas pertaining to public service delivery and actors' interpretations of, response to, and activity surrounding them.

Interviewees were not asked directly to relate themselves to different roles or identities that can be associated with different public philosophies and social categorizations. Rather, the focus was on how they understood and responded to the Coalition's change efforts. The interviews were thus well suited for analysing actors' "category work" in everyday talk because they avoided actively inciting interviewees to take particular rhetorical positions regarding the categorization of their organizational type. We therefore treat the interviews as discursive spaces within which actors make sense of the political work of change agents and within which category work – similar to that outside of interviews – is being done. Our data comprised 430 pages of transcript.

Data analysis

We undertook an in-depth comparative analysis of the differences and similarities between the macro and micro texts. We started by producing a narrative account of the particular organizational category to which non-profits were assigned within the actor and policy texts. In particular, given that 'an organizational category is recognized as such when... [there is] mutual understanding of the material and symbolic resources that serve as a basis to assess membership in the category' (Vergne and Wry 2014, p.68) we looked for commentary on funding and regulatory arrangements (i.e., material resources) and identities and cultural features (i.e., symbolic resources) vis-à-vis other types of welfare provider. We then applied our theoretical questions, asking of the data: How did the Coalition reconstruct the state and NPOs' role in public service provision, what implications did this hold for welfare providers and how did organizational actors respond?

For this purpose, our analysis involved searching for specific textual acts, the rhetorical devices associated with those acts (Locke and Golden-Biddle 1997) and what role they might play in category dynamics. Our analysis followed a cyclical process: we formulated an initial textual act

and its associated rhetorical devices, we compared the examples of the rhetorical devices in order to further clarify the textual acts, which then drove further searches for other rhetorical devices that might be of relevance to those acts. We then grouped related acts and devices into categories. For example, the textual act of displaying congruence with normative, embedded category markers and the associated devices of underscoring the enduring, pioneering role of voluntary action were grouped and labelled as “structuring coherence”, given their emphasis on being logical and consistent with policy ideas of the previous political era (see Figure 1).

The production of free-flowing, theorizing narratives about evolving analytical categories, textual acts, rhetorical devices, and their links to each other, to the two different levels of analysis and to the question of category dynamics facilitated our sense-making. We continued reading widely in parallel to pursuing theoretical insights. As such, existing scholarly work was integrated with developing ideas. For example, the “intertext” concept (Locke and Golden-Biddle 1997) helped us think about how texts located themselves in terms of coherence with existing policy ideas. Through several iterations between data, our theorizing narratives and extant theory, we generated four core processes involved in strategic categorization. The first, which we term *(non)coherence*, is about how the Coalition structures an intertextual field (i.e., the degree to which their orientation is presented as connected logically to produce a sense of coherence or non-coherence with existing understandings/categorizations). The second, *problematizing*, is adopted by both the Coalition and non-profit actors in categorization processes and describes the process of positioning particular ideas and categorizations as a problem requiring a solution. The third, termed *naturalizing* is engaged in by the Coalition to introduce a new idea or category into common use to the extent it becomes ‘natural’. The fourth, *(de)legitimizing*, refers to the discursive work undertaken by both parties to promote or

undermine the legitimacy of particular ideas and organizational categories.

[INSERT FIGURE 1 ABOUT HERE]

Findings

Grounded in the analysis outlined above we explicate the core processes of category dynamics in a mature field. We find that the struggle over categorization occurs through several related discursive processes, summarized in the next two subsections. First, we examine how the Coalition – through the creation of policy texts – structures an intertextual field that lays the foundations for transforming institutionalized understandings of welfare and re-categorizing welfare providers. In order to render policy texts meaningful, connections are made to established meaning systems through linkages to other texts (Phillips *et al.* 2004; Maguire and Hardy 2009). The network of policy texts creates an intertextual field that signals government's orientation to particular social groups, entities or issues. Each policy text “places itself in an intertextual field of its own making” (Locke and Golden-Biddle 1997, p.1030), which may include incumbent and previous administrations' texts (i.e., intertextual fields are the text producers' own reconstructions of appropriate ideas and how they relate to each other and to their proffered view).

Next, we show how the Coalition simultaneously construct coherence (i.e., consistency or unity with dominant policy ideas) and non-coherence within the intertextual field in order to re-categorize welfare providers through three discursive processes: problematizing (i.e., making an issue into a problem requiring a solution); naturalizing (i.e., introducing an idea into common use); and legitimizing (i.e., making acceptable). In parallel, we highlight how non-profit actors reconfigure the rhetoric around welfare providers, disrupting the stabilization of categorical meanings that are at odds with their self-categorizations through analogous attempts to

problematize and (de)legitimize. Finally, we sequence the processes into a model of categorization dynamics between high and low-status actors, highlighting the significant role of rhetoric within such processes.

Structuring an intertextual field: Setting the scene for change

In examining attempts to transform established understandings of the welfare domain and how providers are categorized we focus on the relationship between the Coalition's texts and the prevailing policy ideas of the preceding Labour administration (narrated in the research setting section). In appealing for a change in public philosophy the Coalition structures an intertextual field simultaneously displaying coherence and non-coherence, each playing an important role in setting the scene for category change.

Coherence. Despite their purpose being reform, the Coalition's texts cohere with dominant ideas that articulate and constitute the welfare domain through the textual acts of a) displaying congruence with normative, culturally embedded category markers to create common ground b) reinterpreting the idea of partnership between state and sector, thus showing underlying consensus with established relations.

We see these two textual acts constructed in the quotations from the Conservative Party's 2008 Green Paper and the Compact of 2010. The 2008 Green Paper constructs congruence with normative, culturally embedded category markers such as the enduring and pioneering features of voluntary action by underscoring the connection, such as 'throughout history', 'the first', 'the trail having being blazed' (Conservative Party 2008, p.6). This is a key rhetorical device in connecting with well-established ideas about the identity and cultural features of NPOs, which is repeated again through reference to their 'diverse', 'vibrant', 'independent', 'reforming' and 'compassionate' nature (Conservative Party 2008, p.7; Cabinet Office 2010, p.3). Such ideas

were dominant in the previous Labour policy era (HM Cabinet Office 2006; DCLG 2007) and act to create common ground between the text producer and their targets. Both texts also illustrate the second textual act by reinterpreting the notion of state-sector partnership. This is accomplished through the rhetorical device of reinforcing NPOs' role in building the Coalition's Big Society vision. In 2008 (p.52), the Conservative party speaks of its aim to 'widen the choices available for genuine partnership' and in 2010, repeatedly position the success of their Big Society agenda as only possible 'in partnership with the sector', 'with the help of the sector' and 'where the skills, enthusiasm and commitment of the sector is harnessed'. This textual act demonstrates congruence with established relations within the welfare domain by connecting to ideas embedded in New Labour's era of partnership and dialogue between state and NPOs (Alcock and Kendall 2011). It is important to note, however, that connections to dominant ideas through these textual acts fall away in texts produced later in the Coalition's term. Here, there is an absence of partnership rhetoric or connection to culturally embedded category markers such as the unique identity and cultural features of non-profit vis-à-vis other types of provider.

Non-coherence. Whereas constructing coherence within the intertextual field involved connecting to dominant ideas and categorizations, non-coherence is characterized by disagreement with ideas of the previous political era. The key textual act is the construction of discord with the means by which the (albeit) common end goal (effective welfare provision) has previously been pursued. This is achieved through two rhetorical devices depicting a contentious and inadequate approach to welfare. First, the Coalition identify their proffered approach to welfare provision as diametrically opposed to that of New Labour by contrasting their 'post-bureaucratic age' approach with that of the 'bureaucratic age' of New Labour (Conservative Party 2008, p.6; HM Government 2012, p.3). Differences between the two approaches are

elaborated and the need for government to be ‘open to being driven by a vibrant civil society’ (Conservative Party 2008, p.6) and ‘decentralising power to ensure public service providers are accountable to the people that use them rather than to centralised bureaucracies’ (HM Government 2012, p.3) is articulated. Similar dichotomization is observed in calls for a ‘power shift’, transferring ‘power away from central government to local communities’, again challenging ‘the ways in the state works with voluntary organisations’ (Cabinet Office 2010, p.4).

The second rhetorical device focuses on the construction of ethical evaluations, which conclude “our values are better and less damaging than theirs”. In the run up to the election, the Conservative’s used the Green Paper (2008) to attack the foundations of New Labour’s approach, arguing that government-non-profit relations had caused the latter ‘anxieties’ through the former’s over-controlling practices which threaten NPOs’ ‘vibrancy and diversity’ (p.7) and that ‘The market has never created more wealth than it does now, and the state has never spent so much of it... Yet our nation needs something more, it needs a stronger society’ (p.4). This view is echoed again in the call to ‘champion social action over state control and top-down Government-set targets’ (Cabinet Office 2010, p.6) and ‘wrestle power out of the hands of highly paid officials and give it back to the people’ (HM Government 2011, p.12). In essence, the construction of discord involves depicting the extant approach as misguided, dangerous and something that should be replaced by partnership based on ‘trust’ (Conservative Party 2008, p.7). In sum, the Coalition constructed an intertextual field that is simultaneously coherent and non-coherent with dominant understandings of welfare provision. In the early stages of their term, a degree of coherence is displayed with existing ideas and categorizations in order to render texts meaningful in their situated domain and to create common ground with the targets of policy

rhetoric. Nevertheless, construction of non-coherence is an essential step in setting the scene for change by outlining the inadequacy of the previous approach. These simultaneous acts produce contradictions that non-profit actors appropriate in order to resist category reconstructions. It is this dynamic process of category reconstruction and contestation we explore next.

Reconstructing and contesting organizational categories

The process of structuring an intertextual field sets the scene for category change attempts through the interplay of previously established, embedded understandings of welfare and the proffered view of the incumbent administration. Our analysis suggests that high and low-status actors adopt analogous means of reconstructing and contesting categorizations, which we conceptualize as problematizing, naturalizing and legitimizing.

Problematizing. Characterizing non-coherence within the intertextual field – as explicated above – sets the scene and provides the material for the Coalition to challenge institutionalized ideas through the textual act of comparison to the past, emphasizing differences. This comparison is achieved through a number of rhetorical devices. First, reforms are positioned as an effective way out of a current crisis, ‘in this economic climate, when times are tight and budgets are being cut to stabilise the economy and reduce our debts, opening public services is more important than ever’ and ‘poor performance could be offset by higher spending when the economy was booming but this option is unsustainable now that the country needs to limit public spending to deal with the deficit’ (HM Government 2011, p.6 and p.7). Texts do not just provide a fiscal justification for transforming welfare and its provision, but, via a second rhetorical device, link this to societal change by referencing the ‘need for something more... a stronger society’ due to the ‘collective challenges that we face today’ and the charge that ‘Society is too complex, its pace of change too fast, for it to be understood, let alone managed, by a central bureaucracy’ (Conservative Party

2008, p.4 and p.6). Both rhetorical devices are exemplified in this HM Government (2012, p.4) excerpt:

‘Given the fiscal constraints, the only feasible way of making the gains in quality of service that our economy and society so urgently need is to make a step change in the productivity of public services. And the only feasible way of achieving such a step change... is to introduce competition, choice and accountability – so that the public services can display the same innovation and entrepreneurial drive that characterise the best of the UK’s economy and society.’

Note how the excerpt begins by presenting reform as the only feasible way forward, given fiscal constraints, but moves on to bring the idea of economic and societal needs closer together. By attributing changes to the fiscal climate and societal changes, non-state delivery is positioned as a reflection of societal needs and not merely representative of an intensified neoliberal approach associated with Conservative party politics. Relatedly, a third rhetorical device is used to recondition the identities and cultural features of welfare providers by categorizing central government as an ‘overseeing’ (HM Government 2011, p.11) market creator and reformer through ‘opening public services’ (HM Government 2011, p.6 and 2012, p.12) and non-profit and private sector bodies as service delivery agents:

‘[Government will] Ensure that CSOs [Civil Society Organisations] have a greater role and more opportunities in delivering public services, by opening up new markets in accordance with wider public service reform measures and reforming the commissioning environment in existing markets.’ (Cabinet Office 2010, p.10)

By positioning their identity as one of a myriad of providers, the Coalition begins to assign NPOs to a superordinate category of welfare delivery agents, irrespective of organizational type. This is discussed further under the concept of legitimizing.

Naturalizing. Whereas problematizing involved constructing non-coherence within the intertextual field, naturalizing the shift to alternative ideas and categorizations, paradoxically, relies on a sense of coherence with historically embedded categorical meaning systems. The key textual act for naturalizing thus involves comparison to the past, emphasizing similarities. This is achieved through the rhetorical device of underscoring continuity with the past – and NPOs tradition of pioneering work – to justify their role in welfare provision: ‘The time has come for us to think of the voluntary sector as the first sector... the first place we should look for the answers that neither the state nor the market can provide. This is no pipe dream. The voluntary sector is already delivering change throughout the country...’ (Conservative Party 2008, p.4) and ‘Throughout history many of the most pressing social problems have been identified and tackled by voluntary action... More often than not, the public and private sectors have followed later, the trail having been blazed by voluntary action’ (Conservative Party 2008, p.6). This device becomes notable by its absence in later texts where the unique cultural features of NPOs, such as their ability to ‘engage’ and ‘empower’ communities are elevated only in tandem with their role in designing and delivering ‘better, more responsive public services’ (Cabinet Office 2010, p.3). This second rhetorical device brings NPO’s institutionalized identity (i.e., their unique or differentiating features) into play, but positions it alongside their service delivery role. Note how the extract below starts with the sector’s unique qualities in encouraging social action and change, encourages them to play a larger role in service delivery, then returns to their role in community empowerment:

‘It [the Coalition] believes that strong and independent CSOs are central to this vision through their role in encouraging social action and campaigning for social change, through playing a bigger part in designing and delivering public services and through driving community empowerment.’ (Cabinet Office 2010, p.6)

Such devices attempt to naturalize a superordinate “delivery agent” categorization by constructing public service reform and provision as complementary rather than in opposition to the traditional identity of non-profits, for which they had previously been treated as a distinct category in policy and funding terms. Nevertheless, the Coalition’s attempt to naturalize this categorization through cohering with historically embedded identity cues provides resources for non-profit actors to problematize these reconstructions. Like the Coalition, non-profit actors also connect to the institutional environment through comparison to the past but, in problematizing the government’s proffered view, they emphasize similarities and continuity rather than difference as the Coalition does in its own problematizations. In other words, actors appropriate coherence rather than non-coherence in the complex and somewhat contradictory intertextual field created by the Coalition. Within actor accounts we observe several rhetorical devices. First, they contrast the enduring nature of voluntary action with the transiency of political cycles, underlining that voluntary action has endured for centuries, whatever political party has been in power and whatever their orientation to citizens and NPOs:

‘I would guess there is a big difference for people who are 25... and the people who are 50 and have gone, 'well we've seen this cycle before, we'll transcend it'... I know there will be a voluntary sector at the end of it, I can't say whether there will be a local government sector.’ [Andrea, Boundary Actor]

‘The sector’s been around for a very, very, very long time, whatever’s it’s been called, because people will always want to do things, won’t they? Because this stuff comes in cycles anyway... In 10 years the world will have changed again. I’m old enough to remember what it was like in 1980 when everybody said that it was the end of the world, and everything was failing... we got through that and things changed.’

[Frank, Non-profit Actor]

Second, non-profit actors emphasize continuity between the current role and cultural features of non-profits and their own past through descriptions of ‘organisations that get seduced into going down ways that are not really their mandate...’ and the ‘purpose of charity’ being to ‘address a particular need, to protect what it’s set-up to do... You shouldn’t dilute it’ [Jess, Non-profit Actor]. Similarly, Alice appeals to continuation, stating: ‘Our mission... will stand, and regardless of whether we get the tender or not... our mission and the role of the organisation will stay the same, it’s just how we do it will be different’ [Alice, Non-profit Actor]. Note how Alice elevates mission over acting as a delivery agent and only appropriates the latter identity in service of the former. This is repeated in a related rhetorical device, where actors reinforce the distinction between service delivery and the wider societal role of voluntary action, which the Coalition tried to collapse:

‘Most of the groups and organisations we know started because someone went, ‘that needs doing, let’s just go and get that done’. So, yes there’ll be contracts, and there’ll be public services to be delivered, and yes there will be organisations that change to deliver that, maybe. But I think you’ll still always have that kind of other layer of organisations that meet real local need and do those things they want to do.’ [Frank, Non-profit Actor]

‘I think [public service delivery] is a different thing to growing social capital, creating community, creating a society where there is less need for public services. As I understand it, the proposition is we cannot crank up taxation to pay for public services to the level at which they're going to be needed, given the trends in morbidity and longevity. So what do you do to reduce the need for... services, that's going to involve having a healthier population, a more educated population, a more skilled population, a more employed population, a more cohesive population, a more nurturing population... that's the essence of voluntary action.’ [George, Non-profit Actor]

Legitimizing. In order to reconstruct stable categories and render central government's role as ‘overseeing’ welfare delivery through a ‘diverse range of providers’ (HM Government 2011) acceptable, we observe a textual act built on comparison to referent groups. A key rhetorical device of the coalition in legitimizing the proffered view of NPOs as one of a myriad of providers involves affirming their referent groups as private organizations and social enterprises through consistently grouping them together: ‘voluntary organizations, social enterprises, commercial companies’, ‘voluntary sector and private providers’ and ‘voluntary organizations and social enterprises’ (Conservative Party 2008, p.6, p.9 and p.57); ‘voluntary organisations and social enterprises’ (Cabinet Office 2010, p.4); ‘public, private and voluntary sectors’ (HM Government 2011, p.9). This device works to uncouple non-profit providers’ identity from its original, comparative referents (other NPOs) and replace them with different ones (private and public entities plus social enterprises). The Coalition thus attempts to assign NPOs to a superordinate category where the emphasis is on collective identity across different organizational types, downplaying the distinct identity and cultural features used to naturalize an

increased role in service delivery in the early stages of the Coalition's term.

The second rhetorical device makes use of a market vocabulary to underscore the future treatment of all forms of NPO as aligned to the ideal "delivery agent" categorical type – a professional and enterprising entity. We see, for example, references to NPOs earning 'competitive returns on investment', and 'sharing substantially in the rewards that come from success' (Conservative Party 2008, 9). Bringing the treatment of non-profits in line with commercial entities is exemplified in the following excerpt:

'Whenever the Government contracts with voluntary organisations to provide services, one of the key questions that arises is: what should they be paid?

Such a question would be almost irrelevant when it comes to the state contracting with commercial organisations: no company would take on a contract for a price below which it expected, at least in the long run, to be able to make a competitive return on the resources it deployed.

Yet, historically, in the voluntary sector there has been no such expectation. Indeed it was often assumed that one of the advantages of contracting with the voluntary sector was that charities could be expected to perform the work more cheaply than other potential suppliers.' (Conservative Party 2008, pp.57-58)

Having outlined the problem as they see it, on page 60 the Conservative Party advances its solution to the issue:

'...we believe that it is time to modernise the principle of full-cost recovery and put charities and social enterprises on a level playing field with commercial suppliers.

We would amend the Compact to make it clear that the norm should be that when

public services are commissioned from the voluntary sector, they will be paid in line with commercial practice...'

Using different referent groups and bringing the state's treatment of non-profit and private entities into closer alliance functions to legitimize a new superordinate categorization to which NPOs are assigned and at the same time contributes to delegitimizing the old organizational categorization by playing down the differences between NPOs and other referent groups, which were at the forefront of the previous political era (Alcock and Kendall 2011). Nevertheless, non-profit actors rhetorically delegitimize this new categorization through a parallel act where non-profits are differentiated from "social enterprises" and "corporates" by claiming the former are of a distinct category based on their organizational form and product. This is accomplished through two rhetorical devices: endowing NPOs with a moral imperative or higher purpose and emphasizing how they would be disadvantaged by membership in the superordinate category. What is notable is that actors mobilize the moral imperative of NPOs' mission and purpose as a powerful discursive resource to differentiate them from other providers and to justify, explain and account for their societal position as "more than" a service delivery agent:

'Because the voluntary sector's life blood... is people coming together because they want to do something because they care about it, or it's an issue that's affecting them. That's the driving force behind the sector, fundamentally. If you cut it off from that, you cut it off from its life blood.' [Sara, Boundary Actor]

'You see the government shaking all these things out, and all these... go-getting, thrusting social enterprises, and ex-NHS, ex-local authority people. There's a temptation to turn into one of those... I think we probably started that journey a few years ago, and now we've stopped and said no, actually, we're a charity. We have a

culture that's done us very well over the last 40 years. People know what they're getting when they work with us, and we work very differently to both the public and private sectors, and we should actually celebrate that rather than try to morph into something we're not.' [Jack, Non-profit Actor]

Within the above excerpts we begin to see the second rhetorical device when actors stress that overemphasising service delivery would 'cut it off from its life blood' and the implication that NPOs 'work very differently to the public and private sectors' and, by implication, should be judged differently in respect of their product or service. The excerpts below further illustrate this second device through directly challenging the efficacy of treating non-profits inline with the ideal superordinate categorical type. In particular, note Bea's concerns that rewards will go to those who are 'good at winning contracts', regardless of delivery capability or quality then return to the unique nature of NPOs and the work they undertake. Daisy echoes similar points:

'All public bodies have to take social value into consideration, and that was presented by the Coalition as a way to benefit the third sector, but I don't think it will benefit us. I think procurement processes are very much angled towards large scale organisations, and that private sector organisation are very used to procurement processes, are very good at winning contracts really, but not so good at delivery...

The majority of the sector are micro organisations, micro organisations do not deliver services. They work in communities, they are volunteer led, they run on small amounts of money and deliver very valuable activities in, with and for the community. So they are not going to professionalise... but that's not their purpose, their purpose is for community development and community support.' [Bea, Non-profit Actor]

‘...They talk a lot about public service delivery, about the sector having a part to play... but at the scale that they're talking, the sector will never be in it. We'll be priced out of the market and we are not big enough to compete. And with a Conservative government, they're not prepared to fund social justice, or initiatives that make a very small difference.’ [Daisy, Non-profit Actor]

In sum, we see that both the producers of policy texts and their targets adopt corresponding discursive processes in efforts to reconstruct and contest particular categorizations. We have highlighted that the Coalition 1) structures an intertextual field characterized by both *non-coherence* and *coherence* with dominant understandings and categorizations in setting the scene for change 2) draws – at different times and for different purposes – on this coherence and non-coherence in recursively *problematizing* traditional ideas and categorizations; *naturalizing* its proffered view; and *legitimizing* its proffered superordinate category. We show, however, that the simultaneous construction of coherence and non-coherence creates competing, contradictory discourses that are appropriated by non-profit actors to contest the imposed categorization and destabilize the very change efforts that created them. These actors thus undertake ‘category work’ to reform, repair and maintain self-categorizations through analogous discursive processes involving: *problematizing* and *(de)legitimizing*. Figure 2 summarizes these category dynamics.

[INSERT FIGURE 2 ABOUT HERE]

Discussion and conclusions

This study examined how the UK Coalition, as a high-status change agent, reconstructed the notion of the welfare state and associated categorization of providers and how low-status non-profit actors discursively responded to the ostensibly dissenting expectations of government vis-à-vis self-categorizations. Overall, our findings make three interrelated contributions to research

on the dynamics of strategic categorization and institutional change. First, we address a relative absence of the analysis of power within empirically grounded institutional accounts (Carstensen and Schmidt 2016). Notably, the few studies considering the role of the state in changing categorization systems have emphasized imposition of state authority (Strange 1998; Brown *et al.* 2012) and discursive institutional studies more broadly further reinforce that the ideas and discourses of high-status actors – such as incumbent political parties – have the greatest potential to stabilize, bear down on and shape local behaviour due to the dominant field positions such actors occupy (Phillips *et al.* 2004; Maguire and Hardy 2009; Brown *et al.* 2012). Carstensen and Schmidt (2016) describe this form of ideational power as ‘power over ideas’. Such conceptualisations engage with the ideas embedded in DiMaggio and Powell’s (1983) work, which positioned coercive isomorphism – situations where external agencies impose changes on organizations, most obviously through practices of state regulation – as a key mechanism of change. Consequent to this argument is that the texts of incumbent political parties hold the power to influence widespread social understanding about the rules, norms and ideologies of the welfare domain and the behavioural norms of welfare providers in a relatively unproblematic way. Our study suggests, however, that accounts which downplay struggle and conflict in this way are inadequate for explaining unfolding category dynamics.

Rather than positioning central government as a high-status institutional entrepreneur, somehow sealed off from and unconstrained by the wider societal fabric in which it is embedded, we have framed it as a change agent in a complex web of power and political relations that are socio-culturally situated in important ways. Despite their goal being transformation, we find that the common understandings and regularized inter-organizational relationships characterizing mature fields compel (even high-status) change agents to cohere with dominant ideas in their situated

domain. We have shown that connecting to culturally laden category markers or codes does not just heighten the likelihood of a category stabilizing as the abovementioned scholarship might suggest, paradoxically, it provides resources for low-status actors to repair self-categorizations and resist categories that are served-up by institutions which, it would generally be assumed, have the power to impose their authority. Whilst the idea that administrative doctrines are often contradictory, cyclical and unstable is not new (Hood and Jackson 1991), as Talbot (2005, p.31) points out, such work has failed “to make the leap to using paradoxical explorations of how such doctrines might actually work simultaneously in practice’.

Second, we contribute important insights into the agentic limitations of both high and low-status actors in institutional change. The criticisms levelled at early neo-institutionalists for equating institutional embeddedness with an absence of agency generated a strand of work that takes endogenous institutional change and the processes by which it occurs as its focus. This has resulted in greater sensitivity to the circumstances in which high-status, highly embedded actors in institutionalized settings can act as institutional entrepreneurs (Greenwood and Suddaby 2006). The introduction of the institutional entrepreneur as the solution to all the stasis and conformity within institutional theory has nevertheless been criticized for its functionalism (Clegg 2010) and tendency to evoke heroic imagery (Lawrence *et al.* 2011).

The state is a high-status dominant institution, able to exercise a degree of hegemony over the field with which accommodation by lower-status actors is necessary. In particular, the Coalition imposed changes in the formal rules of the game through fiscal contraction, privatization, open markets and deregulation (i.e., by altering material resources). We have nevertheless highlighted limitations in its ability to monopolize symbolic resources (identities/cultural features) and impose an alternative set of schemata on low-status actors involved in welfare provision. Despite

imposition of changes to field structures and practices, the Coalition lacked the capacity to eliminate rival symbolic orders and embed its proffered categorizations. Rather than presenting the state as an institutional entrepreneur with boundless, absolute authority to impose change, or as a resource rich, privileged institution dulled to the possibilities of change, we have sought to provide a more nuanced account of the potential for and limitation of the agency of such actors. Our work is suggestive that, contrary to extant theorizations (Greenwood and Suddaby 2006; Kostova *et al.* 2008), deviation from cultural expectations is not only available to large, high-status organizations because they are beyond the control of regulatory agents. Low-status actors who are subject to the will of funding and regulatory agents have discretion over how they respond to institutional pressures regarding how they are categorized and subsequently judged. We thus undermine the portrayal of categorizing as merely disciplining or constraining in nature and the idea that organizations will necessarily adapt to align with sanctioned norms and practices in the pursuit of legitimacy (Lounsbury and Glynn 2001; Kodeih and Greenwood 2014).

Taken together, the first two insights extend recent theoretical developments on the nature of ideational power by providing an empirically grounded account of the dynamic interplay between recently elaborated forms of power (Carstensen and Schmidt 2016). Specifically, the state's high-status field position, its ability to impose ideas into the policy-making arena, constrain what ideas are considered and manipulate material resources emphasises its power over ideas. We have shown, however, that the Coalition did not establish hegemony over the (re)categorization of NPOs by naturalizing the symbolic meaning of a superordinate category which aligned with an intensified neo-liberal ideology but not with the self-categorizations of non-profit actors. Nor did they persuade them of the cognitive validity or normative value of

their approach to welfare reform more broadly. In this sense, we highlight that power ‘over’ ideas is not a sufficient condition for power ‘in’ or ‘through’ ideas (see Carstensen and Schmidt 2016 for a comprehensive account of different forms of ideational power).

Third, we highlight the importance of categorization hierarchy in unfolding macro-micro category dynamics. Discussions at these two levels have largely evolved along separate tracks (Vergne and Wry 2014). Macro-level theorizing has emphasised the role of audiences in categorization processes and the categorical imperative, while micro-level studies emphasized the cognitive processes associated with self-categorization. Despite the theorized potential of studies which bridge external (macro) and internal (micro) categorization (Vergne and Wry 2014), we are not aware of any other empirically grounded accounts of this interplay. We find that the tensions and contradictions that stem from the nested nature of categories can be a source of contestation between change agents and their targets. The categorization proffered by the Coalition assigns NPOs to a superordinate ‘delivery agent’ category, attempting to foil the categorization which recognizes non-profits as a distinct organizational type. Our analysis suggests that this is a main driver of contestation due to a perceived incompatibility between these nested identities among NPO actors. Such actors resist NPOs being treated, categorized and therefore judged according to the norms that would be prescribed by adherence to the superordinate category, where membership would include public, private and social enterprises. Rather, they self-categorize by differentiating their organizational type, capabilities, and ‘product’ offerings. Thus, if the targets of category change do not aspire to the prescribed categorization, resistance is a likely outcome. Our rare account of unfolding category dynamics has begun to explicate how actor responses to attempted changes in mature categorization

systems are shaped by the relationship of internal self-categorization processes to the wider dynamics of external or institutional prescriptions.

Future research possibilities

Our paper has concentrated on the discursive strategies used by an incumbent administration to persuade audiences that welfare provision, and the categorization of welfare providers, is in need of reform and how NPO actors appropriate this same rhetoric to challenge the new categorization. We do not know how such actors' efforts were received across their stakeholder communities, or by central government. By excluding attention to how their category work feeds back into the state's reconstruction of category systems, our story is inevitably incomplete. Further work could thus usefully turn to these lines of inquiry as such issues are important parts of the fuller picture into the dynamics of strategic categorization.

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Figures

FIGURE 1: *Data structure*

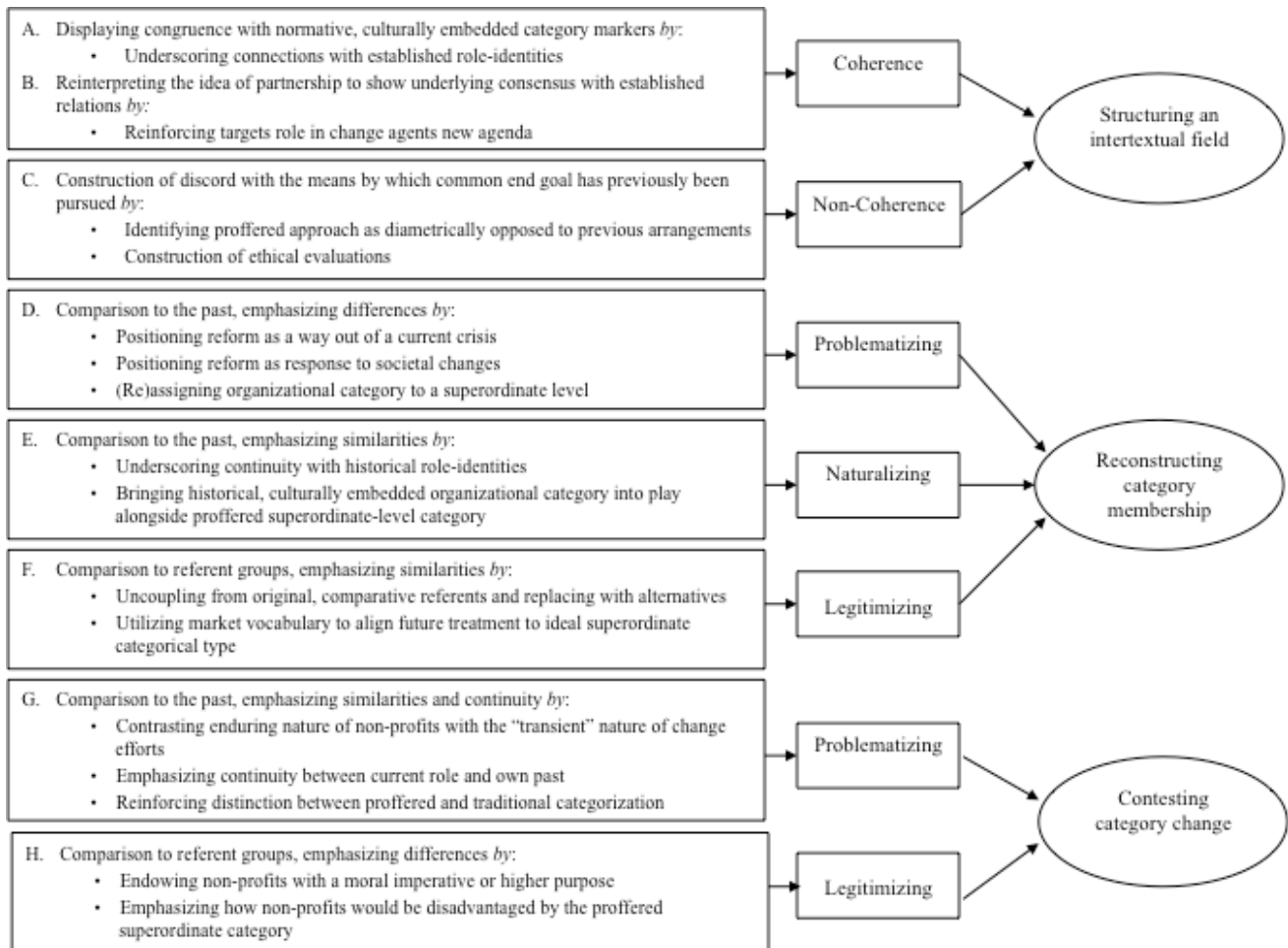


FIGURE 2: *Organizational category dynamics*

