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## Upfront

### **The Perils of Getting Big** **Larger social service organizations may result in less innovation** By Alana Conner Snibbe

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# The Perils of Getting Big

## Larger social service organizations may result in less innovation

Over the past few decades, many aspects of American life have enlarged. Our cars, commutes, shopping centers, parking lots, portion sizes, pets, and waistlines have all gotten wider, taller, longer, or all three.

The same holds true for private human service organizations, according to University of Michigan researchers David J. Tucker, a professor of social work and sociology, and David H. Sommerfeld, a Ph.D. candidate in social work and sociology. The researchers analyzed how the average size of private nonprofit and for-profit human service firms changed from 1982 to 2000. In the June 2006 *Nonprofit and Voluntary Sec-*

*tor Quarterly*, they report that the number of social service firms with fewer than 100 employees has fallen, while the number of social service firms with 100 employees or more has grown (see graph below). The birthrate for smaller social service firms has also decreased.

These macrolevel shifts may transform the nature of the human service sector. “My conjecture is that more large firms will result in less innovation,” Tucker says. “All organizations resist change, but this is particularly true of larger organizations. Oil tankers are hard to turn,” he notes. To overcome inertia and discover ways to be more innovative, human service

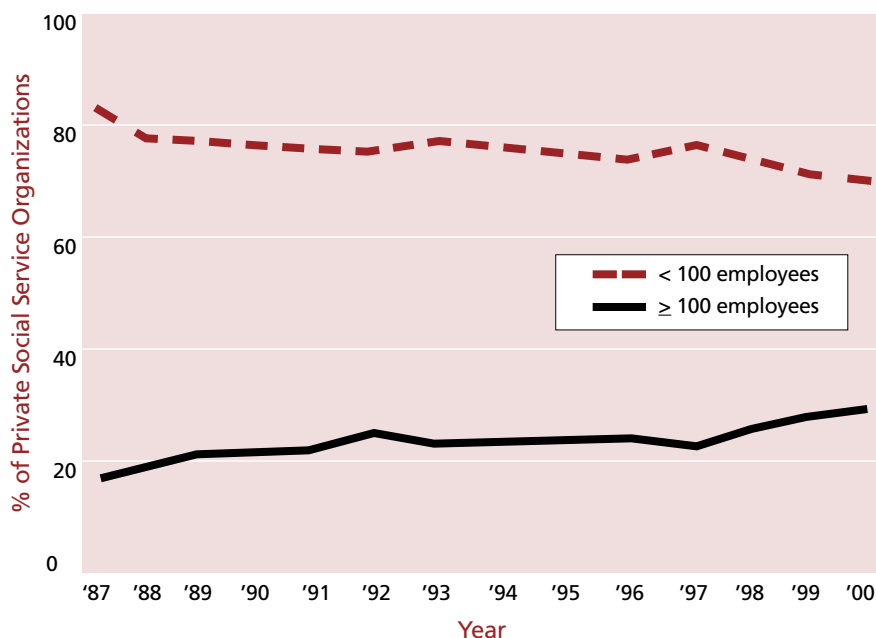
firms will have to devote more resources to research and development, he predicts.

Tucker points out that a top-heavy private human service sector would have its benefits. Larger firms are more efficient because they can take advantage of economies of scale and scope. Efficiency, in turn, can translate into longer-lived, more competitive organizations, as well as jobs that are both more stable and better paid. But these more attractive jobs could have a dark side because they may attract more materialistic employees. “Will the values of the sector be changed by these people?” he asks.

Exactly why human service organizations are getting larger remains somewhat of a mystery. The authors looked at whether the downsizing of government social service programs led to the bulking up of private firms in this sector, but could draw no clear conclusions. They also could not deduce whether the growing number of for-profit human service organizations has forced nonprofits to get larger in order to stay competitive.

Tucker and Sommerfeld’s study is the first to examine how the size distribution of firms in the private human service industry is changing. Paying attention to the structure of the entire sector is important, says Tucker, because “we don’t ask sufficiently about what changes are happening in our environment. Instead, we make judgments about what happened in terms of human agency.” By getting people to pay more attention to overall trends in the social service sector, rather than just their own actions or those of their own organizations, Tucker hopes that they will be better prepared for larger changes ahead. —A.C.S.

**MORE BIG ORGANIZATIONS, FEWER SMALL ONES**



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