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Does group engagement with members constitute a "beneficial inefficiency"?

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This article explores the role of variations in organizational form in explaining levels of group access. Specifically, we test whether group forms incorporating more extensive engagement with members receive policy advantages. We develop and test a account of beneficial inefficiencies. Our account reasons that the costs of *inefficient* intraorganizational processes and practices associated with enhanced engagement with members are *beneficial* as they generate crucial "access goods"—specifically encompassing positions—that in turn receive enhanced policy benefits. The costs of intraorganizational practices allowing members to engage more thoroughly in decision making are thus beneficial inefficiencies. We test this proposition using data on the Australian interest group system. Using the tools of cluster analysis, we identify three forms, each varying in respect of the inefficiencies they embody. Our multivariate analysis finds strong support for the account of beneficial inefficiencies: groups with the most inefficient organizational model receiving the greatest policy access.

1 | INTRODUCTION

The assumed benefits to the polity of interest groups who adopt a traditional organizational structure—one that includes local branch structures, federated layers, enfranchised members, and face-to-face meetings—is apparent in highly influential accounts of change within the associative landscape (Putnam, 2000; Skocpol, 2003). Indeed, Skocpol, Ganz, and Munsin (2000) explain that the aggregate consequence of a decline in traditional membership groups is a diminution in "democratic capacity." These system-level aggregate benefits largely comprise diffuse democratic outcomes, such as greater levels of citizen engagement in public life. A rich vein of empirical mapping work in the United States has sought to assess the extent to which groups do indeed continue to adopt traditional organizational forms, finding that there remains considerable diversity (Minkoff, Aisenbrey, & Agnone, 2008; Walker, McCarthy, & Baumgartner, 2011). Despite arguments noting the professionalization of group systems

and dominance of staff-directed organizational designs, there is ample evidence that many groups retain traditional organizational designs, and that contemporary group entrepreneurs choose to create new groups that broadly conform to traditional models. This is despite such traditional designs requiring often quite cumbersome and costly internal processes of organization (e.g., running local branches, involving members in decision making, etc.). Herein lies a puzzle: Why would groups maintain such "inefficient" organizational forms and directly bear the costs if the benefits accrue only to the political system as a whole?

We argue that retaining a traditional organizational form may in fact be a sound strategy because such forms constitute a benefit at the group level as well. They are what we call "beneficial inefficiencies." Drawing on exchange perspectives of interest groups (see review by Berkhout, 2013), we expect that *groups* that incorporate features associated with a traditional form are *more* valuable to policymakers—and may expect a dividend in respect to access and status metrics—because they can legitimate policy decisions and provide assessments of the political interests of their constituencies. Thus, we would expect to see groups who approximate traditional forms—inefficient as they may be to run—to accrue higher levels of policy access (Bouwen, 2002). Our expectation of a beneficial inefficiency speaks to a broader debate in political science. Influential authors have suggested that heightened member engagement may be an investment; for instance, Skocpol (2003) suggests "asking for a greater commitment may result in a greater payoff," speculating that preferences by policymakers for "talking representatives" as opposed to "talking heads" is one reason driving this consideration (pp. 273–274). In this article, we put this consideration to the test and ask whether we see this beneficial payoff.

We acknowledge that this expectation sits uneasily with analyses of professionalized politics. Here, the argument is that traditional designs no longer generate the political benefits they once did. It is argued that the professionalization of groups is driven largely by the growing demand from policymakers for expertise and technical knowledge (van Deth & Maloney, 2012). If this is indeed the case, then we ought to see no benefit from a traditional approach. It may even be detrimental.

In this article, we test our argument regarding beneficial inefficiencies on a sample of Australian interest groups. Following disciplinary convention, we define an interest group as a collective voluntary association for which policy advocacy is a key function: Members may be firms, individuals, or other associations (Jordan, Halpin, & Maloney, 2004). We use cluster analysis to classify these groups according to their organizational inefficiency (based on various organizational attributes connected to member engagement), and then use this typology to test whether groups manifesting inefficient organizational forms enjoy higher levels of access among policymakers. Our multiple regression analysis finds strong support for our beneficial inefficiencies account, with groups conforming most to a traditional organizational form—and thus manifesting the most inefficient organizational model—receiving the greatest policy access.

The article proceeds as follows. The next section examines the debate around the transformation of the associative landscape in contemporary democracies, and highlights the salience of organizational design. The subsequent section introduces our account of beneficial inefficiencies and related expectations. Section 4 introduces the data derived from a survey of Australian interest groups. In Section 5, we employ cluster analysis to distinguish groups of different organizational inefficiency and then, in Section 6, use this variable to model interest groups' access to the legislature. Section 7 concludes.

2 | THE TRANSFORMATION OF THE GROUP ORGANIZATIONAL LANDSCAPE

Interest groups have long been considered as crucial to connecting citizens to political elites and policymaking (Bentley, 1908; Truman, 1951). According to Gilens and Page (2014, p. 570), the classic

pluralist take on democracy anticipated that "the stands of organized interest groups, all taken together, rather faithfully represent (i.e., are positively and substantially correlated with) the preferences of average citizens."[1] The hope that groups might provide this "transmission belt" between society and policy elites is predicated on the democratic credentials of individual group organizations. Groups that engage members in their internal affairs are accountable to them and authorized by them, are best placed to fulfill this role (see discussion in Halpin, 2010; Jordan & Maloney, 1997). That is, groups with traditional organizational forms are better able to deliver this valued function (Skocpol et al., 2000).

Yet some have argued that existing "traditional" groups (based on local branches, federated national structures, and face-to-face membership engagement) have been transformed into organizations run by professional staff, empty of membership involvement, leading to a "diminished democracy" (Skocpol, 2003). Further, the advent of direct mail and other recruitment processes have, it is argued, undermined the logic of a "membership" model and supported a "professionalized" model, which is best exemplified by "relatively centralized and professionally led organizations focused on policy lobbying and education" (Skocpol, 1999, p. 471). While not directly making claims of generational change, other scholars have studied contemporary advocacy organizations to argue that they look more like professional lobbying businesses than grassroots participative social-movement organizations (Bosso, 2005; Jordan & Maloney, 1997; Lang, 1997).[2] Like Skocpol and Putnam, these accounts identify a "new" group form: professionalized groups, funded through small donations by a large and remote base of supporters that never meet.

This broad shift in the group universe is not simply a product of increasing aversion by citizens regarding involvement in traditional organizations, but also the types of organizational designs *selected* by new generations of organizers is different (Skocpol, 2003, p. 176). But why do group entrepreneurs move to these models? Some note the higher organizational costs of running a membership group (e.g., involving and servicing a membership), especially at a time when expertise and technical knowledge have become increasingly important resources (van Deth & Maloney, 1999, p. 6). As Skocpol (1999) notes: "Even a group claiming to speak for large numbers of Americans does not absolutely need members. And if mass adherents are recruited through the mail, why hold meetings? From a managerial point of view, interactions with groups of members may be downright *inefficient*" (or a "non-lucrative distraction") (p. 494; italics added). Of course, from an aggregate political system level, this inefficiency may accrue benefits: better linkage between citizens and policymakers, enhanced legitimacy over policy decisions, and "civic revitalisation" (Skocpol et al., 2000; Skocpol, 2003, p. 266). Yet, as we discuss later, this inefficiency may also generate a group-level dividend.

Aggregate empirical analysis questions the claim that there are fewer traditional style groups in contemporary advocacy systems. For instance, speaking of the U.S. context, it has been found that "large, affluent and heavily professionalized" groups are only "a tiny proportion of the total population" (Edwards & McCarthy, 2004, p. 136). Other work finds a continued diversity of organizational forms within the interest group landscape, as well as a possible complementarity or mutualism between groups that incorporate varying degrees of member engagement (Goss, 2013; Minkoff et al., 2008; Walker et al., 2011). Rather than "voice without variety," these findings suggest a picture of "variety and voice," as "the introduction of new organizational forms does not necessarily undermine the continued existence of older ones – although it may displace their dominance in the organizational repertoire" (Minkoff et al., 2008, p. 529).

In summary, much work has raised normative questions as to the negative aggregate effect of changing organizational practices among groups for the democratic quality of political systems. Scholars draw our attention to the apparent paradox—groups sensibly move to more efficient organizational models, but in doing so, the aggregate benefit to the political system generated by the

prevalence of traditional forms is lost. Scholars note that a shift away from traditional style groups "has troubling representational consequences, since these groups are only loosely connected to the public" (Walker et al., 2011). On the other hand, many groups adhere to designs closer to traditional forms despite the apparent disbenefits at the group level. This poses a puzzle. Why would groups stick to costly and inefficient intraorganizational practices if they do not receive any direct group-level benefit from them?

3 | "BENEFICIAL INEFFICIENCY": ORGANIZATIONAL FORM, ACCESS GOODS, AND POLICY BENEFITS

The transformation of the associative landscape is assumed to be a negative development precisely because traditional associative forms deliver broader benefits to the political system and to citizens who participate in them. The presumption in the literature, as demonstrated earlier, is that any rewards do not accrue to groups themselves. While we cannot address these claims directly, we can however address the underlying premise: Do groups that undertake costly engagement *with members* receive any direct political benefit?

To address this question, we build an account of group "beneficial inefficiencies." It connects with existing exchange-based approaches, and has three broad planks: (a) the group–policymaker exchange, (b) the generation of access goods, and (c) the calibration of group inefficiency.

3.1 | Interest group–policy maker exchange

In answering our question, we develop an exchange-based approach. This framework draws broadly on transaction cost economics (Coase, 1937; Williamson, 1981), which assumes that organizations seek to find the most efficient way to generate important goods—they seek out a "least cost supply" solution. For our present purposes, we assume that groups would seek to adapt their organizations in such a way as to generate the "goods" required to acquire policy "access," in the most efficient manner. This is not antithetical to other organizational theoretic approaches. For instance, similar arguments can of course also be made from a resource dependency perspective, or by adopting neo-institutional approaches or even ecological perspectives. Each of these approaches draws attention to the way organizations have critical dependencies with external agents in their environment and the impact of organizational configurations for legitimacy (Baum & Oliver, 1991; Pfeffer and Salancik, 1978).

Our approach conceptualizes groups as involved in an exchange with policymakers, whereby policymakers confer advantages (such as access and thus potential influence) to groups in return for "access goods" (Bouwen, 2002, 2004; Grant, 2001; Jordan, 2009). The access goods that groups might provide to policymakers can be either one of two broad types of goods: *expert knowledge* and *political knowledge* of constituency interests (in Bouwen's terms, knowledge of encompassing interests). The former relates to "expertise and know-how" required to understand the sector or the issue on which a group is engaged. The latter refers to the provision of information with respect to the "needs and interests" of its membership (or of the sector or constituency advocated for). Each one broadly fits with Truman's (1951, pp. 333–334) classic distinction between technical and political knowledge.

Importantly, these access goods are likely of differential value, depending on the arena a group hopes to get access to. For instance, bureaucracies will value expert knowledge highly, as they are charged with the implementation of policies that require niche expertise beyond the administration's own capacities. On the other hand, lawmakers will place a higher value on political knowledge/encompassing interests,

because their primary task is representation, for which they require knowledge of different constituencies' preferences (Binderkrantz, Christiansen, & Pedersen, 2015).

This framework draws attention to a basic tension between policy access and representation, which is a classic theme in the group literature. For instance, work in the neo-corporatist tradition has long noted the tension between a logic of membership—sustaining a deep engagement with members, aggregating and representing their interests—and a logic of influence—gaining access to policymakers (Schmitter & Streeck, 1999). Scholars such as Hirschman (1970) note the value of responsiveness to members in respect of organizational maintenance. Others, adopting a political economy approach, have noted the impact of organizational complexity on member engagement (Knoke, 1990).

3.2 | Generating access goods: Variations in organizational form

The policy benefits—namely, access—that a group will gain from policymakers is commensurate with the access goods a group can provide in an exchange with these policymakers. But how are access goods produced?

Capacity to deliver access goods is bound in the organizational form or design of a given group (Bouwen, 2002, p. 375). As discussed earlier, policymakers value a clear and authoritative statement of the political interests of key constituencies in any policy issue. Generating a clear and authoritative statement of the political interests of a constituency, it is argued, requires strong engagement with members. Moreover, federated structures matter: "[I]t is only because of the multiple layers that the bundling of the individual interests into an Encompassing Interest is possible" (Bouwen, 2002, p. 376). By contrast, groups that have weak—or nonexistent—engagement with members, few or no layers of decision making, and so on, are poorly placed to deliver this access good.

On this basis, Bouwen (2002) is able to provide a "ranking of capacities to provide access goods" among various types of private actors (p. 378, Table 2). For instance, in the context of his work on business lobbying in the European Union, firms are assumed best able to generate expert knowledge. Interest groups manifest the reverse settings, low levels of expert knowledge and high levels of encompassing interests/political knowledge. This is broadly consistent with previous work pointing to the different ways in which firms versus interest groups engage in advocacy (Salisbury, 1984). Crucial here is that the organizational form of a group is concretely related to the capacity to generate access goods. But Bouwen considered interest groups versus companies as his two organizational forms. How can we adapt this to consider variation within and among interest groups who in Bouwen's schema would ALL be better placed to generate political knowledge/encompassing interests?

3.3 | Degrees of inefficiency among interest groups

In this article, we focus on the generation of access goods exclusively among *interest groups*. As Bouwen explains, the competitive advantage in respect of producing political knowledge/encompassing interests is with interest groups, not business firms. So how might we assess variations in the capacity of groups to produce this particular access good?

Our answer is to extend this deductive reasoning to assess variation in organizational form *within* the group system.[3] Fortunately, as touched on at the outset, there has been considerable discussion of just such variations in the political science literature, and it is here we seek inspiration. The basic dichotomous distinction between traditional and staff-driven groups is a useful start point. Skocpol (2003) suggested that the investment by the former group form in high levels of member engagement, federated layers and local face-to-face branches, was highly "inefficient" and "cumbersome" (p. 201). Yet, she noted that they were in a better position to provide a representative account of their members' interests.

Thus, we propose that the more a group's organizational form incorporates internal organizational processes and structures that enhance member engagement—federated structures, branches, member meetings, and so on—the better able it is to generate a clear and authoritative picture of their constituencies' interests. While these practices, processes, and structures will raise the complexity and degree of layering of decision-making processes within associations, thus making them slower to respond to policymakers, it simultaneously creates more interactions among ordinary members and between members and group leadership. These interactions aggregate and clarify preferences, which in turn have higher legitimacy due to the number of veto points and deliberations. Following this logic, our account suggests that those groups who manifest inefficient organizational forms are best placed to generate higher levels of political access goods. To be clear, this is inefficiency with respect to groups engaging internally with their constituencies to determine their interests, not inefficiency at large. Returning back to Skocpol's distinction among group types, our approach provides one logic by which it is indeed understandable that groups do not simply design more efficient ways to operate (in respect of policy-related decision making) and track toward staff-directed groups, but instead continue with more cumbersome organizational forms.

In sum, our account of group beneficial inefficiencies expects that *the more committed to member engagement (and thus inefficient) the organizational form of a group, the more political access goods it can generate, and the more access it receives.*

4 | DATA

We test the aforementioned proposition utilizing data from several sources in the Australian context. This choice comes with some implications for the beneficial inefficiency framework that warrant noting. As a federal system, the Australian case has similarities to countries and systems where previous work on this general question has been conducted (i.e., the United States and European Union). Yet, we do not see the framework as limited to federal systems. In relation to inefficiency, we see many examples of variation in intraorganizational layers among groups in unitary systems. But, of course, we cannot demonstrate this with our single nation study. In respect to demands for access goods, Australia is a Westminster parliamentary system, with strong party discipline. This means that in contrast to the United States, the individual electoral benefits from engagement are weaker: The value of access goods at the legislator level is modest. Thus, we would consider Australia a stronger test of our framework than the U.S. case.

The study population is composed of a list of interest groups compiled by the authors (see Fraussen and Halpin 2016). We define an interest group as any voluntary association for which policy advocacy is a major function (Jordan et al., 2004). Our data set includes business associations, professional associations (e.g., doctors, lawyers, etc.), service groups (social service, elderly support, etc.), and citizen groups (e.g., environment, women, etc.). We do not include government institutions (e.g., hospitals, schools, agencies, or departments) or individual business firms. While the data are drawn from the 2012 edition of *Directory of Australian Associations*, we took great care in identifying national organizations, as well as selecting out associations that are not politically active or are not some type of voluntary association. Once this process was completed, our population list consisted of 1,353 interest groups.

Ultimately, we are interested in whether the organizational inefficiency associated with an organizational form that fosters heightened levels of member engagement has a pay off in terms of policy influence. While measures of policy influence are now common in the group literature, to be meaningful

they are at the issue level (see Baumgartner, Berry, Hojnacki, Leech, & Kimball, 2009). An aggregate measure of policy success, therefore, would often be something like involvement (the number of times a group engages with a political institution) or access (the number of times a group is granted access to otherwise closed policy venues) or prominence (number of mentions by policy elites) (Binderkrantz et al., 2015; Halpin & Fraussen, 2017). Consistent with much work in the interest group field—and the original work of Bouwen (2002)—we take "access" as our measure of policy benefit.

Here we focus on access to the Australian parliament, measuring the invitations afforded to groups to speak in person to inquiries. This is a standard focus for measures of access by group scholars in the United States and Europe (Berry, 1999; Pedersen, Halpin, & Rasmussen, 2015). In the Australian context, it is the most reliable measure, as data are made public, and inquiries are open to submissions from any group. Given that theoretically, the political access goods of interest to us are more likely to be valued by politicians (Bouwen, 2002), as opposed to administrative officials (who may value expert knowledge), it may be that we offer a somewhat easier test of our expectations. Nevertheless, access to the Australian parliament is not a trivial policy benefit that groups may receive.

Based on these considerations, the *dependent variable* of our study is access. Consistent with the convention in the field, we utilize invitations to give oral evidence to Australian parliamentary committees as an arena-specific measure of access (Binderkrantz, Pedersen, & Beyers, 2017; Pedersen et al., 2015). We record the number of times a group was invited to give oral evidence to an Australian parliamentary committee during the 43rd or 44th Parliaments (2010–2016).

The measures for our *independent variables* come from the results of an online survey of the aforementioned group population, completed in 2015. The survey instrument primarily contained questions concerning organizational structure, policy capacity, engagement with policymakers, and organizational agenda. We received a completed survey from 373 organizations (a response rate of 27%). This is in line with response rates for a group survey and is broadly comparable with similar exercises (see discussion in Marchetti, 2015).

The independent variable of interest is group inefficiency, approximated by *organizational form.* Varied expectations exist with respect to organizational diversity in the group system. On the one hand, there is the expectation of overwhelming homogeneity—a drift from a membership model toward professionalized groups (Skocpol, 2003), while others note continued diversity (Minkoff et al., 2008; Walker et al., 2011). Our initial analytic task is therefore to determine whether variations in features associated with our concept of organizational inefficiency cohere in observed groups. We do so by way of a cluster analysis, using five survey items asking about organizational structure/layers, type of membership, member involvement, expansion of member involvement, and orientation toward members. As we will discuss later, these are all factors that are mentioned in the general literature as being associated with distinguishing groups against an ideal type of traditional organizational form. The clustering approach is outlined in detail in the next section.

In addition, we construct measures to control for possible confounding factors that have been found to also predict access. In order to identify different *group types*, we utilize a more or less standard set of distinctions between citizen and economic groups. Here, economic groups include business associations, professional groups, trade unions, and institutional groups, whereas citizen groups include a mix of associations gathering citizens for noneconomic purposes. *Resources* are captured by a measure of full-time-equivalent staff.[4] Furthermore, the *breadth of policy engagement* is measured by a count of the number of policy domains a group is active in. Finally, *age* is operationalized by the number of years since group establishment, as reported in the *Directory of Australian Associations*. Supporting Information reports the summary statistics for all variables.

5 | MODELS OF GROUP ORGANIZING AND VARIATIONS IN ORGANIZATIONAL INEFFICIENCY

Our concept of organizational inefficiency is operationalized with respect to variations in features of group organizational form that are directed at member engagement. These variations in form are expressed in a range of ways in the literature; for instance, Skocpol (1999) invokes a shorthand that contrasts traditional and staff-directed forms. Other work has distinguished forms based on clusters of variables such as branches, members, federations, and so on (Minkoff et al., 2008; Walker et al., 2011). We build on such approaches in this article and base our measure of organizational inefficiency on several broad organizational features associated with structures for and practices of member engagement.[5] Each of these features is measured through separate questions in the survey of Australian interest groups. We review these in turn, discussing implications for organizational inefficiency and political knowledge/encompassing interests.

Structure: For key authors, federated structures that link local activity to national politics are crucial to generating a vibrant national representative politics (Skocpol et al., 2000). In their influential study of group diversity and membership, Minkoff et al. (2008) identify groups on the basis of whether they have a unitary or federal structure. For our present purposes, it is noteworthy that these structures also generate considerable inefficiencies and organizational costs (Bouwen, 2002). Having a federated, as opposed to unitary, structure adds veto players and other hurdles to decision processes. But, of course, these hurdles also ensure that the group is better able to produce authoritative collective positions that policymakers often seek (and is thus a key access good). In our data set, we find that 25% of respondents to our survey possess a federated structure, with the balance predominantly utilizing a unitary structure (and a tiny minority possessing an online structure).

Membership type: As Bouwen (2002) explains, peak groups or those for whom other associations are members are best placed to generate encompassing interests, but also quite inefficient models. In their U.S. work, Minkoff et al. (2008) and Walker et al. (2011) note that organizational models with few or no members are more efficient. This might be expected to be similar for any group that has "institutions" as members (Salisbury, 1984), because they have their own internal principal–agent issues to negotiate as compared to groups with individual citizen members. In our set of groups, only 8% of groups described themselves as having associations as members. By contrast, 37% had individual citizens and around 32% had organizations (such as firms) as members.

Involvement of members: Member involvement is critical to generating representative group positions within traditional style groups (Minkoff et al., 2008; Skocpol, 1999). Asking members what their interests and preferences are, rather than imputing them, will ensure they are more representative and legitimate (Dunleavy, 1991, p. 20). Yet, we know that involving members through an extensive network of local branches, or frequent internal electoral processes, similarly slows down an organization's ability to change course. About 31% of the groups indicated that their members were very involved in decision making, whereas 48% said their members were somewhat involved, and 10% indicated no member involvement.

Expansion of member involvement: Interest groups are, like most organizations, constantly evolving (Aldrich, 1999). To get a sense of whether the engagement with members—and thus level of inefficiency we can deduce—is ebbing or flowing, we asked questions about efforts to *expand* member participation and branch development over the past 5 years. We found that 10% of surveyed groups had enhanced opportunities for members to participate and also added local branches to their structure. Sixty-eight percent had done one or the other, while 22% had done neither.

Orientation toward members: Finally, account giving is also a key factor in representation and legitimation, which seeks to overcome concerns of principal–agent problems in the context of political advocacy.

We assume that groups indicating visibility to members is important are comfortable with account giving to members. At the same time, such visibility incurs upfront costs—of ensuring members know what their group leaders are doing—but also potential costs if such enhanced visibility leads to the exercise of more "voice" among members who disagree with actions in their name (Hirschman, 1970). We found that the vast majority of groups in our sample (86%) find it very important to be visible to members. For 12% it is fairly important or important, and only a tiny minority find it not important.

In summary, these five variables reflect existing and frequent features in the literature on associative organizational forms and intraorganizational dynamics as they pertain to member engagement (Minkoff et al., 2008; Skocpol, 2003; Walker et al., 2011). Indeed, in most cases the features we measure directly replicate those in existing studies. No doubt other measures could be fashioned, yet we have assembled a set of variables that are commonly applied by influential work in the field.

5.1 | Cluster analysis

We subject our sample of groups to a cluster analysis using the five aforementioned organizational features. We use the clustering approach because it does not assume any ordering, dimensionality, or equal weighting in the variables. Instead, as an inductive approach, it is aimed at detecting common patterns and groupings within the interest group sample relating to how the organizational features co-occur in groups. We use the raw unordered survey items in the analysis, as this does not assume a priori any particular organizational form as being more or less efficient.[6] The five variables are fully reported in Supporting Information Tables A1 and A2.

We use Gower's (1971) general dissimilarity coefficient to construct a dissimilarity matrix for all observations.[7] In the next step, the dissimilarity matrix provides the input for agglomerative nesting, a hierarchical[8] clustering approach that starts with each observation as its own cluster and then agglomerates the least dissimilar clusters "upward" until all observations are in one cluster. Specifically, we use Ward's (1963) method of agglomeration, which aims to minimize at each step the increase in within-cluster error sum of squares.

An outcome of a clustering procedure can be considered valid "if it cannot reasonably have occurred by chance or as an artifact of a clustering algorithm" (Jain, Murty, & Flynn, 1999, p. 268). Three different criteria are relevant in the validation of the clustering procedure: relative, internal, and external.

Regarding the first criterion, different joining rules produce similar, but less interpretable cluster structures. Five different agglomerative joining rules are tested, and they all correlate at middling levels with each other. Ward's method is chosen as the most parsimonious and interpretable.[9]

With regard to internal validity, a range of formal criteria exists to assess the optimal number of clusters (Milligan & Cooper, 1985). Applied to our data, several such criteria suitable for categorical data, such as Goodman and Kruskal's γ (Baker & Hubert, 1975), average silhouette width (Kaufman & Rousseeuw, 1990), or the G3 internal cluster quality index (Hubert & Levin, 1976) are somewhat ambiguous and suggest between three and five clusters.[10] The three-cluster solution provides a parsimonious interpretation of groupings, and is also supported visually by the "best cut" criterion, because clusters below the cut off height (3.4) are distant from each other by at least that amount (see Everitt, 2011, p. 95). The three-cluster solution is therefore carried onward for further analysis.

Table 1 reports the final result of agglomerative hierarchical clustering, with Gower distance, and Ward's method as a joining rule, and three selected clusters. It also reports the distribution of the clustering variables among the groups. The table gives further indication of the internal validity of the selected clustering procedure by reporting the results of chi-square test of independence of the distribution of each variable across all clusters (significance denoted by † in the table). We see that there are significant differences among the three clusters. Indeed, membership of a cluster is a significant predictor of the

TABLE 1 Distribution of grouping variables across clusters

	Cluster 1 Branch-builders ($N = 210$)	Cluster 2 Staff-directed ($N = 54$)	Cluster 3 Federated member groups ($N = 64$)
Membership type (V = .40†††)	%	%	%
Individuals	38**	57**	27***
Mixture	30**	7**	0***
Organizations	30**	35**	38***
Associations	2**	0**	36***
Structure (V = .61†††)	%	%	%
Online	2***	11**	0***
Unitary	92***	76**	0***
Federated	6***	13**	100***
Involvement of members (V = .25†††)	%	%	%
Not	6	33***	5
Somewhat	52	39***	41
Very	42	28***	55
Expanded participation/added branches (V = .55†††)	%	%	%
None	7***	93***	8*
One	80***	4***	84*
Both	13***	4***	8*
Importance of being visible to members (V = .25†††)	%	%	%
Very important	92	70***	89

Note. $N = 328$. Based on agglomerative hierarchical clustering, with Gower distance, and Ward's method as a joining rule. Reporting Cramér's V and p value of χ^2 test of independence of distribution of each variable across all clusters; $^{\dagger}p < .05$. $^{\dagger\dagger}p < .01$. $^{\dagger\dagger\dagger}p < .001$. Also reporting p-value of χ^2 test of independence of variable's distribution within a cluster versus the variable's overall distribution; $^{*}p < .05$. $^{**}p < .01$. $^{***}p < .001$.

distribution of each variable within that cluster, shown by p values of <.001 and Cramér's Vs between 0.25 and .61. Furthermore, the results of chi-squared tests of independence of each variable's distribution within a cluster versus the variable's overall distribution are shown (denoted by *). This is an indication of the importance of that variable in distinguishing the cluster. All clustering variables have good discriminatory power for at least one or all three clusters.

The final classification consists of three clusters of 210 (64%), 54 (16%), and 64 (20%) groups, respectively. The first grouping is composed of unitary organizations that have individuals, organizations, or a mix thereof as members to roughly equal extent, involve these members heavily in the organizational decision making, and invest in this involvement of members by opening local branches and expanding opportunities to participate. We call this cluster of organizations *branch-builders.* The second grouping is only a fourth of the size of the first. It encompasses groups that predominantly have individuals as members and, to a lesser extent, other organizations. However, they involve their members to a much lesser extent in decisions and place on average less importance on being visible to their members. This cluster also has a much higher percentage of purely online groups. We call groups in this cluster *staff-directed*. Finally, the groups in the third cluster mainly have other organizations and associations as members that are very strongly involved in decision making. In addition, this cluster is made up exclusively of groups with a federated structure. We term organizations in this cluster *federated member groups.*

In the absence of an independent measure of organizational inefficiency, it is difficult to get external validation for the clustering outcome. But two pieces of evidence are suggestive of the fact that

TABLE 2 Distribution of age, staff, and type across clusters

	Cluster 1 Branch-builders ($N = 210$)	Cluster 2 Staff-directed ($N = 54$)	Cluster 3 Federated member groups ($N = 64$)
Mean age (years)	41.4	42.8	46.9
Mean staff	7.6	87.8	42.4
Group type	%	%	%
Economic group	80	63	59
Citizen group	20	37	41

Note. $N = 328$.

the clusters actually represent groups of varying inefficiency. First, the three clusters predict significant differences in the first component of a principal component analysis of the five clustering variables.[11] Specifically, Cluster 2 has the lowest mean score on this "first inefficiency component" ($M = -.73$, $SD = .91$), while Cluster 3 has the highest ($M = .73$, $SD = .42$). Cluster 1 is in the middle ($M = -.04$, $SD = .41$). The differences are significant at the 99% level. This is consistent with expectations. Staff-directed interest groups (Cluster 2) should be the most efficient. Decisions in these groups are made predominantly by professional staff and not by members, and policy is guided to a lesser extent by pleasing the members. On the other end of the spectrum should be the federated member groups (Cluster 3) who not only struggle with multiple layers of internal governance, but also predominantly use procedures that give members a lot of input into organizational decisions. The branch-builders (Cluster 1) are somewhere in the middle.

Second, external validity is strengthened by the fact that the clusters are not surrogates of other group characteristics. Table 2 reports the distribution of group type, group age, and staff size across the three clusters. The groups in Cluster 3 are on average slightly older than groups in the other two clusters, but not to a statistically significant degree. The differences in staff size are larger. Branch-builders (Cluster 1) have the lowest average staff size ($M = 7.6$, $SD = 17.2$), whereas staff-directed groups (Cluster 2) have the largest ($M = 87.8$, $SD = 425.1$). Federated member groups (Cluster 3) are in the middle ($M = 42.4$, $SD = 251.7$). However, as we can see, the variance within each cluster is very large, so that the differences are not statistically significant.

With regard to group type, there may be a tacit assumption that groups advocating for economic or professional interests would adopt a more traditional group form, while citizen groups would tend to be more staff-directed and involve members less. Thus, some may well surmise that our clustering is highly correlated with group type. As Table 2 shows, there is indeed an association that is statistically significant, $\chi^2(2, N = 328) = 14.06$, $p < .001$. Upon closer inspection, this is due to a higher than expected number of citizen groups in Clusters 2 and 3, and a lower count in Cluster 1. This suggests that organizational form is not fully independent of group type, and that the latter should therefore be included as a control in any models.

In sum, we are able to identify three broad organizational forms, each one incurring differential costs in relation to engaging with members. Federated member groups are least efficient, whereas staff-directed groups are most efficient.

6 | IS THERE A DIVIDEND TO THE COST OF ORGANIZATIONAL INEFFICIENCY?

Having established that groups vary with respect to the degree of effort/cost they introduce into their internal decision-making processes (through the varied extent to which they engage with members),

the puzzle why groups would choose such an inefficient form of organizing still remains. Our theory expects that these groups should extract a "payoff" for this kind of investment. We posit that while costly to the group in terms of time and effort with members, these very same processes are able to generate the important access good of political legitimation/encompassing interests. In this section we test this proposition: Is there evidence of a "beneficial inefficiency"?

As detailed earlier, our dependent variable of interest is *access*, measured as the number of times a group is invited to give evidence in front of Australian parliamentary committees. Figure 1 plots the cumulative distribution of access. The *x*-axis represents access as a count of times a group has appeared to give evidence. The *y*-axis depicts the percentage of groups remaining below a given access count. The results confirm other studies that have shown an exponential "power-law" with respect to policy involvement and access (see, e.g., Baumgartner & Leech, 2001). The vast majority of all groups (75%) achieve no access whatsoever. About 13% appeared once, and only an exceedingly low percentage of groups (about 3%) appeared more than five times.

This power law distribution of the dependent variable necessitates a modeling approach using count models (Long, 1997). Table 3 reports the results of a negative binomial regression[12] with access as the dependent variable. The three group forms we identified in our cluster analysis are the key independent variable of interest in this analysis. Organizational form is introduced into the model with Cluster 2—staff-directed—as the reference category. As a reminder, this organizational form incurs the least costs—or inefficiencies—in terms of decision-making processes. Federated member groups incur the greatest costs and inefficiencies, with branch-builders somewhere in between. So, in relation to access, we should expect federated member groups to receive the greatest benefit, and staff-directed ones the least. The results of our analysis provide strong support for these theoretical expectations. In Table 3, M1, we see positive and significant associations between Category 1 and Category 3 groups—in contrast to Category 2 (ref category)—and access. Moreover, we see that the size of the coefficient is larger for Category 3 than Category 1. Again, this is fully in line with our theoretical expectations.

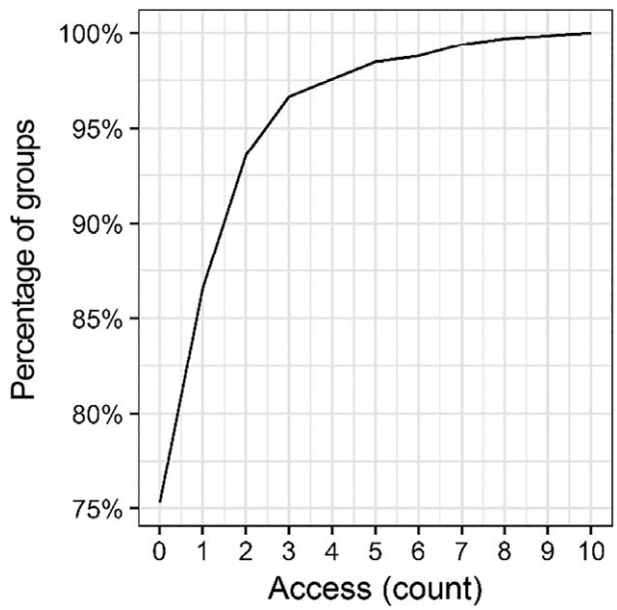

FIGURE 1 Cumulative distribution of access. $N = 373$

TABLE 3 Explaining access

	Access (count)	
	M1	**M2**
(Intercept)	−3.76 (.57)***	−3.13 (.62)***
Org. form		
Staff-directed (Cluster 2) (ref.)		
Branch-builders (Cluster 1)	1.33 (.47)**	.37 (.63)
Federated member groups (Cluster 3)	1.62 (.49)***	1.01 (.67)
Controls		
Resources (logged staff)	.63 (.08)***	.37 (.15)*
Citizen group	.84 (.27)**	.96 (.27)***
Age	−.01 (.00)	−.01 (.00)
Breadth of policy engagement	.12 (.04)***	.12 (.04)***
Interaction		
Branch-builders x resources		.44 (.20)*
Federated x resources		.24 (.20)
AIC	529.00	528.59
BIC	559.15	566.28
Log likelihood	−256.50	−254.30
Deviance	195.66	193.71
No. of obs.	320	320

Note. $N = 325$. AIC = Akaike information criterion; BIC = Bayesian information criterion; GLM = negative binomial distribution.
*$p < .05$. **$p < .01$. ***$p < .001$.

This "beneficial inefficiency" effect of organizational form holds when we control for other obvious factors associated with access. For instance, we see that the effect holds despite the positive and significant effects for group type (citizen dummy). Citizen groups also attract significantly more attention than economic interests. Diffuse interests are often argued to be harder to organize and thus less likely to obtain access and other policy benefits (Olson, 1965). Yet, we also know that when they are organized, citizen groups have the advantage of presenting the public interest, and thus closer attune to what the mass public wants. Thus, it might be broadly consistent with our argument that legislators will focus attention on those who can provide political knowledge (Bouwen, 2002). Resources—here measured in relation to staff numbers—are frequently associated with high levels of access (Binderkrantz et al., 2015); we see this also in our model. Finally, we see those groups that have a broader policy engagement—they reach across more policy domains (Halpin & Binderkrantz, 2011)—also gain significantly more access in the legislative arena. The fact that organizational inefficiency is associated with a higher likelihood of access, even when controlling for these other factors, strengthens support for our theory of beneficial inefficiencies.

Going one step further, we can also show that the association between organizational resources and access—one of the best established effects in the literature—is contingent upon organizational form. This is shown in the right column of Table 3 (M2), which adds an interaction effect to the model. In plain terms, this means that resources yield a higher marginal payoff with regard to access the more a group's organizational form is geared toward member engagement—and hence supposedly "inefficient" (compared to the reference category).

Figure 2 further explores this inefficiency dividend in substantive terms. On the *y*-axis it plots the predicted number of times a group is invited to give evidence in front of parliament. The *x*-axis varies

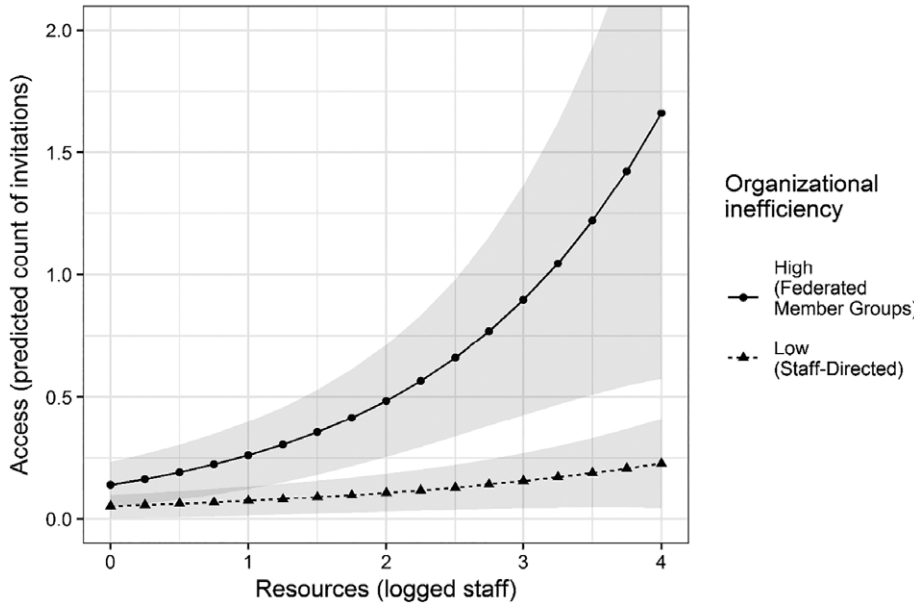

FIGURE 2 Predicted access. $N = 320$; based on Table 3, M2; other predictors fixed at median; 90% confidence intervals reported

group resources from 0 (representing groups with zero or only 1 full-time staff) to 4 (about 55 full-time staff). The figure shows the well-established positive relationship between resources and access. But more importantly, it also shows a significant difference in access among groups commanding the same amount of resources but differing in organizational form. The more inefficient federated member groups (represented by circles in Figure 2) are associated with higher access than the much more efficient staff-directed form of organizing (represented by triangles). This is true at every level of resources. For resource-poor groups, this counter intuitive beneficial inefficiency is minuscule in absolute amounts, but still large in relative terms. Staff-directed groups with "zero" resources receive a predicted 0.05 invitations to parliament, whereas resourceless federated member groups receive 3 times as many (0.14). At the mean resource score of 1.41, federated groups receive 4 times as much access as staff-directed groups (0.09 vs. 0.36), and for very resource-rich groups (resources = 4) that ratio even increases to about 7 (0.23 vs. 1.66). We therefore see that the inefficiency dividend increases in relative terms with an increase in resources.

What does this mean in the context of the beneficial inefficiency framework? Our finding is that resources can and do lead to higher levels of access, yet they cannot compensate for organizational design. While post hoc, one interpretation is that the role and type of staff differ in each of our organizational forms. In member-orientated groups, staff may facilitate member-to-member and member-to-leader interactions that signal political knowledge to policymakers. By contrast, in staff-directed groups, more staff may simply mean more professional or expert policy staff. As we note later, this speculation around precise staff functions is one area that would benefit from future work.

It should be noted that inferring causal relationships based on observational data is always a great challenge. Do inefficient groups attain more access *because* they are inefficient? In the absence of experimental evidence, it will be difficult to ascertain this with certainty. Still, we made a number of efforts to increase confidence in the robustness of our findings. First, we ran the same models with an alternative measure for the dependent variable—the number of times a group has submitted written evidence to parliament. Second, we used alternative indicators for organizational inefficiency,

namely, the additive inefficiency index and the first inefficiency component already mentioned earlier. In all models, the significant and positive association between organizational inefficiency and access persists, always controlling for resources, group type, age, and breadth of policy engagement. These models are fully reported in the supplementary materials (see Supporting Information Tables A7 and A8).

In summary, we find evidence to uphold the beneficial inefficiency thesis. Groups that manifest organizational forms that are complex and onerous with respect to position formation have significantly more access. Controlling for resources and group type—common predictors for access—more inefficient and traditional forms of organizing with multilayered federated structures, frequent internal gatherings, and strong engagement with members in branches, are on average better at achieving access.

7 | CONCLUSIONS

Interest group systems continue to manifest substantial organizational diversity. Specifically, they vary in relation to the lengths that groups go to engage with and involve their constituencies. Where groups seek to engage deeply with members, these organizational practices are inefficient—they slow down decision making and expend finite financial and staff resources—yet many groups persist with them. This decision is consequential for the group system as a whole, not least because such practices are associated with its "transmission belt" function, connecting society and policymakers. But the puzzle remains at the group level: Why would groups continue to incur the costs of such practices when benefits are seemingly only occurring at the diffuse group system level?

We posited a way to square this circle, through our account of beneficial inefficiencies. Adapting the existing work using exchange theory to explain access, we make the simple proposition that groups incur the costs of inefficient organizational forms because there is a direct group-level benefit. We hypothesize that this benefit accrues the more inefficient the organizational form of a group is.

Our findings broadly confirm our expectations. When clustering Australian interest groups according to several indicators of organizational inefficiency, those groups that manifest the most inefficient organizational practices receive significantly more access than groups that opt for less onerous organizational practices. That is, these practices constitute a beneficial inefficiency. Confidence in the robustness of our findings is increased by the use of two different measures for the dependent variable, and three different measures of the independent variable.

These findings have important implications for the discipline-wide debate about the role of political associations in the rejuvenation of contemporary political life. Skocpol (2003, pp. 281, 290) suggests that if groups that invest more in member engagement were to receive positive benefits by way of access, this will start the turn away from professional staff-directed groups. We have tested for such a payoff, and in our data, we can indeed find it.

There is of course still much to puzzle over. An implication of our theory is that groups will continue with their existing (inefficient) traditional organizational forms to the extent that the benefits (real or perceived) remain. On the other hand, the persistence of inefficient organizational forms may simply be due to path dependency, in that groups do not significantly change their structure or practices once formed. We do not test this directly; however, future work might look at the relationship between variations in group forms and access over time.

Future work might also vary the arena groups seek access to. Previous studies have assumed that different political institutions value access goods differently: Each has a different ranking as to what

the *critical* access good is (Bouwen, 2004). In our case, we might assume that legislators would be more sensitive to political knowledge—like encompassing interests—as opposed to bureaucrats, because they face reelection and constituency preferences. We can only speculate on this, as it would require new systematic measurement and will present substantial research design challenges given the various codes of conduct governing public servants' comments on policymaking.

Finally, future work might consider our beneficial inefficiency mechanism more directly. For instance, based on previous work, we suggest that access is driven by access goods that certain organizational forms are best placed to deliver. Future work might directly explore whether policymakers (in our case, members of parliamentary committees) do in fact select groups for access on these kinds of basis. There is also the issue of what about a federated or branch structure it is that is attractive to policymakers. In Skocpol's work, it is the location of group branches in congressional districts that render them electorally salient. In a system like Australia where party discipline is high and legislators follow party platforms, this direct relationship might be somewhat attenuated. In the other direction, we do not have a direct measure of organizational inefficiency; rather, we deduce from the engagement of members that transaction costs will be higher, based on existing work in the field. Of course, future work might wish to address this hypothesized causal mechanism in ways we cannot do here. For instance, survey data may in future ask for estimates of the number of occasions on which members are involved in policy decisions, the average time used to deliberate on a given policy question, or the number of veto or decision points. Lastly, as noted earlier, many studies we cite take federal systems as their context. We suggest that our approach holds for unitary systems—as we see internal layering as crucial to generating legitimacy—but we have not tested this empirically. Thus, future work on group forms in unitary systems is a logical extension of our approach.

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ENDNOTES

[1]Of course, successive generations of scholars have shown that the numerical composition of group systems in Western democracies is universally skewed toward economic interests (Schattschneider, 1960; Schlozman, Verba, & Brady, 2012).

[2]It is worth noting that in their classic article, McCarthy and Zald (1977) described the increasingly defunct nature of the "classical" social movement organization, which they saw being replaced by a "professional" social movement organization form (characterized by a reliance on paid leaders and broad support from "conscience constituents" who provide money but do not otherwise get involved).

[3]One option would be to simply assume that some types of groups—distinguishing between, say, citizen and business groups—are intrinsically more membership dominated and thus incur higher transaction costs with members than others. However, we instead leave this as an open empirical question, focusing instead on the manifest variations in relation to organizational form.

[4]As the 2012 directory did not include staff figures for all associations, where possible we complemented data in the directory with information from the current (online version) of the directory, as well as information on the websites of the associations. We also adjust for skewness in *resources* by logging raw values. For the calculation of logged *resources*, we add a value of one to those organizations with zero full-time staff before taking the log.

[5]Our work is related, but takes a different approach to measuring what we call inefficiency, from the approach of authors, such as Knoke (1990), who provided direct measures of concepts like bureaucracy to tap internal group governance. Similarly, we do not pursue concepts like governability, which Schmitter and Streeck (1999) used to great effect to understand peak business organizations. These are valuable approaches, but we opt to focus on organizational form as a proxy for inefficiency, because it has clear implications for the production of political knowledge/encompassing interests.

[6]We also perform robustness checks by changing the feature presentation from nominal to ordinal, with the highest level representing the organizational form theoretically expected to be most inefficient (see Supporting Information Table A1). Clustering on these ordinal variables, as well as continuous versions of the ordinal variables, results in the same number of clusters and the same substantive interpretation, albeit with a slightly changed number of groups per cluster.

[7]Calculating proximity metrics for nominal data is problematic, as features are not readily comparable. For instance, it is hard to imagine the Euclidean distance between a group that has associations as members and one that has individuals as members. Gower's coefficient or a variation thereof is generally suggested as a flexible and efficient choice for nominal, ordinal, or mixed ordinal clustering (Everitt, 2011, p. 35; Kaufman & Rousseeuw, 1990; Myatt & Johnson, 2009, p. 84). It measures dissimilarity between two observations with n features by the weighted mean of the contribution of each feature, the contribution of the nth feature being either zero, if the two observations have the same values on that variable, or one, if they differ. It therefore reaches from zero (same values on all our five included variables) to one (different values on all five features). All procedures are implemented with the R package "cluster" (Maechler, Rousseeuw, Struyf, Hubert, & Hornik, 2017).

[8]A hierarchical approach is chosen over partitioning methods because they are more versatile, do not require an a priori number of partitions/clusters, and in particular perform better for nonisotropic clusters (Myatt & Johnson, 2009, p. 110; Nagy, 1968, p. 849).

[9]Ward's method is suggested as a flexible and interpretable joining rule of choice. However, it "may impose a spherical structure where none exists" (Everitt, 2011, p. 84). Therefore, single-linkage (nearest neighbor), complete-linkage (farthest neighbor), and weighted average linkage (WPGMA) algorithms are also run on the data set. They produce less parsimonious, less interpretable, and less balanced division into clusters, compared to Ward's method. For instance, there is a tendency to group a large number of observations into one cluster. The respective dendograms and correlations are reported in the Supporting Information Figures A1 and A3 and Table A4.

[10]See Supporting Information Figure A2.

[11]The first component has an eigenvalue of 1.40. The component scores correlate highly with an additive index of the five clustering variables when ordered and expressed as continuous variables ($r = 0.76$, $p < .001$). See also Supporting Information Table A3.

[12]Taking into account a number of criteria including log likelihood, Akaike information criterion (AIC), dispersion statistic (theta), the root of the mean squared error (RMSE), and McFadden's Pseudo R-squared, the negative binomial GLM provides a fit that is on par with or better than Poisson, Hurdle-Poisson, Hurdle-NB, and zero-inflated negative binomial models. It requires fewer assumptions and is easier to interpret than the equally well-fitting alternatives. See Supporting Information Tables A5 and A6.

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SUPPORTING INFORMATION

Additional supporting information may be found online in the Supporting Information section at the end of the article.

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