

Independence at a Price:

**The relationship between nongovernment
human service organisations and the polity
in Texas and Tasmania**

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ABSTRACT

Modern society has traditionally been viewed as comprising of three sectors; government, market and civil society. The theoretical base of three pillars of government (or polity), commerce (or market) and civil society has historically been assumed to be a comprehensive structure of society. Many theorists have proposed different characteristics for the sectors but until recently none have proposed fundamental change to the structure. Debate over civil society has been a central element of political analysis for hundreds of years. Civil society has been variously theorised as subversive and detrimental to society at large, as the site of social action and as a category into which all human activity that is not market or government can be placed. In the late twentieth century civil society has been viewed as the site of social and community activity and more recently the activities of formal community organisations that have become increasingly involved in the delivery of human services.

This thesis argues that a simple tripartite division between government, market and civil society is limited, both theoretically and as base for empirical research on community organisations. The thesis proposes a 'fourth pillar' to the traditional tripartite separation. The fourth pillar proposed in this thesis is that of the 'entrepreneurial civic service sector'. Organisations engaged in one or a number of formal legally based arrangements with government and other funding sources are now indistinguishable in many respects from market-based organisations. They cannot however be categorised as market organisations because they are not focussed on profit or capital accumulation. These organisations' underlying goals are survival, growth and compliance with appropriate values. In pursuit of these goals, organisations are achieving greater independence through funding diversity and the implementation of managerial strategic plans and processes. It is apparent that an additional 'pillar' provides a theoretical base to contemporary societal structure, and more accurately reflects society and the relationship between government and human service organisations.

Field work and research conducted in Texas and Tasmania has provided a view of the relationship between human service organisations and government, at both the institutional level and from the perspective of individual organisations. The research conducted was empirical and qualitative and provides vivid support for the model of society proposed. Organisational characteristics were identified and a typology of organisations developed. It became clear that human service organisations are diverse and dissimilar in their structure, approach and experience. In particular, organisations varied in the extent and nature of their commitment to market-like mechanisms and managerial processes.

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Introduction

This thesis argues that society is no longer based on the traditional three pillars of civil society, market and government. Furthermore, it is argued that nongovernment nonprofit human service organisations when freed from reliance on government agencies will adopt a modified set of market principles. As organisations increasingly adopt market approaches, they no longer fit the traditional nonprofit community sector, but neither do they move seamlessly into the market sector. It is proposed that an additional pillar of society, the ‘entrepreneurial civic service sector’, has emerged.

This fourth sector uses market-like mechanisms to achieve a range of social goals, some of which have been devolved from the government sector. Because their services and resources are diverse, organisations in this sector share many characteristics with complex corporations, such as survival and perpetuation

of the organisation itself. At the same time, the philosophical underpinnings of these organisations have much in common with community sector organisations, whose goals generally encompass statements about improving the conditions of society, as opposed to ensuring profits for shareholders.

Nonprofit nongovernment human service organisations are strongly influenced by their relationship with government. This relationship may include dominance in structure and program design, and financial dependence. When these organisations are not involved in a relationship dominated by or dependent upon government, greater independence and autonomy result. Organisations are free to adopt different strategies to achieve goals of their own construction. A market approach is frequently chosen in these circumstances.

This thesis examines the emerging trend towards community-based human service provision evident in countries rebounding from the impact of neoliberalism. This ‘third way’¹ appears to be an attempt by government to avoid a return to welfare socialism with its accompanying budget implications and bureaucratic structures. As Anthony Giddens explains:

We cannot just put aside the values and ideals that drove
[socialism and communism], for some remain intrinsic to

¹ The ‘third way’ is not a new term. It has been widely used to hypothesise an alternative approach to the traditional ‘left’ and ‘right’ of political ideology. Most recently it has been adopted by Bill Clinton during his term as president of the United States and Tony Blair, Prime Minister of the United Kingdom. In this context the third way is an overarching approach to achieving social good through a blend of market-like methods and appropriate government. See Anthony Giddens, *The Third Way*, (Cambridge: Polity Press, 1998) for a commentary and development of these ideas.

the good life that it is the point of social and economic development to create.²

Flexible service delivery and higher levels of responsiveness are emphasised, as well as cutting costs to taxpayers. But community sector capacity cannot be assumed, and any delay in the provision of services as a result of the imposition of market principles is patently intolerable, both politically and on humanitarian grounds. It is therefore necessary to assess this capacity and develop strategies to ensure the transition from traditional welfare and service provision is as smooth as possible. In Australia this assessment has been at the core of public enquiry. The report *Participation Support for a more Equitable Society: the final report of the reference group on welfare reform* has been instrumental in focusing attention on these issues and forming opinion in Australia³. While commenting extensively on the obligations and rights of individuals, the report also noted the need for an acceptance by the community at large of its social obligations. The Prime Minister's Community Business Partnership⁴ is an initiative that reinforces these core assumptions. The partnership is intended as a conduit and facilitation of ideas and strategies to encourage business in particular to recognise and support increased participation in philanthropic activities and community development projects.

²Giddens, *Third Way*, 1-2.

³ Reference Group on Welfare Reform, *Participation support for a more equitable society: final report*. Canberra: APS July 2000.

⁴ The Prime Minister's Community Business Partnership, *20 Australian Community Business partnerships in 2000*, Canberra: APS 2000. This initiative focused on the relative lack of business philanthropy in Australia in positive terms. Businesses are encouraged to participate in community activities and social programs on the normative pretext that it is simply good business to do so. Their corporate image is improved and the requirements of 'the triple bottom line' - profit, environment and community- are more likely to be met to the satisfaction of shareholders.

This thesis is centred on the debate over the role and functions of nongovernment nonprofit human service organisations. Organisations in Australia are compared and contrasted with a set of organisations operating in the highly marketed social environment of the United States. An analysis of the two sets of case studies in the context of the respective social and political histories provides a detailed explanation for the organisational structures that now exist. This analysis also examines the strategies that have resulted in these outcomes. There is also a sense, with obvious limitations, that the snapshot of organisations in the United States gives an indication of the organisational structures and processes that are likely to result in Australia if the current policy direction is allowed to run its course.

The argument described on page one provides a focus for detailed research on nongovernment nonprofit human service organisations in a volatile environment. It also provides the opportunity to explore the role of organisations in society. This thesis informs the debate of defining the role of human service organisations in this context. It does not criticise the policy direction as such: rather it considers the impact of the policy changes and the range of responses that are possible. The theoretical frameworks and models developed further illuminate this analysis and provide an enhanced understanding of these relationships.

Scope and limitations

This thesis necessarily limits its scope to case studies from Texas and Tasmania, the two example sites chosen. The case organisations were selected as an informed (rather than random) sample, to ensure the deep research conducted in these relatively few organisations was varied enough in source to be meaningful. While the debate on civil society has extended from classical Greek times, this thesis focuses on current issues facing organisations, and historical information that is directly relevant. To this end, historical coverage is limited to the literature review of theories of societal structure and the retrospective chapter on social and political history in Texas and Tasmania. While the changing approaches and assumptions in other sectors of society are of interest, it is not within the scope of this thesis to analyse these in depth. Although detailed analysis is limited to the community sector, the analysis is based on the premise that communities and organisations are influenced by changes emanating from the polity and the market.

It is argued that the structure of society is changing as a result of revision of goals and means in the civil society pillar. Civil society can be observed to be polarising, separating into two parts: one component emphasising the altruistic organisational structures that focus on traditional notions of charity and deserving poor, while the other component has commodified their programs and services. For this second group, survival of the organisation has become an end in itself. The differences between these organisations are so profound that it is no longer

appropriate to consider them as having similar modes of operation.⁵ For this reason, the civil society pillar is now regarded as having divided into the less formal community pillar and a fourth pillar, the entrepreneurial civic service pillar.

Methodology and approach

The thesis provides a comparison of two vividly contrasting settings, with diverse values norms and political arrangements. This approach provides a more robust comparison than one conducted between two similar sites. This diversity makes possible the formulation of explanations of differences and similarities that is not possible with the comparison of two sites sharing characteristics.⁶ Sartori describes a number of systems of comparison, one of which is the ‘most different system’ design that advocates that the researcher ‘choose the most different systems, that is systems that differ as much as possible and yet do not differ on the phenomenon under investigation’.⁷ The cases of Texas and Tasmania differ dramatically in their history and their political underpinnings, yet both have active and socially vital nongovernment nonprofit human service organisations. Consistent with Sartori’s proposition, this thesis compares these two different sites to ascertain the extent of commonality or difference in these organisations.

⁵ This directly counters ideas of one uniform third sector with shared goals and norms. Mark Lyons has written extensively on the Australian Third Sector particularly in *Third Sector*, (Sydney: Allen and Unwin, 2001). Writers who have identified a division in the sector include Streeck and Schmitter, and Dekker, referred to in chapter eight.

⁶ Giovanni Sartori, ‘Comparing and Miscomparing’ in *Journal of Theoretical Politics*. 3(3). 1991. 243-257 proposes that ‘we frequently argue that apples and pears are incomparable; but the counterargument inevitably is: How do we know unless we compare them?...Yes they are comparable with respect to some of their properties’, (245).

Comparative method is used to identify the distinct impact of the public policy arrangement in question and socio-economic systems in Texas and Tasmania. This is discussed in greater detail in a following chapter. The research uses qualitative and empirical techniques. The data is elicited through case studies, interviews, literature searches and document surveys. Identification of the sources of interview data is masked to preserve the anonymity of confidential informants. This guarantee was essential to elicit the cooperation of interviewees. A detailed description of the techniques used to gather data follows.

Literature Review

An extensive and comprehensive literature review of the concept of civil society and its development was conducted covering journals and publications. This review resulted in the development of a typology of theories regarding civil society and gave impetus to the development of a revised model. The literature review also delved into the nature of voluntary associations and developing ideas of social capital. The concepts of volunteering and philanthropy preceded the popularity of social capital but are clearly related. More recent applied discussions of social capital make frequent reference to volunteering and altruistic behaviours as evidence of the presence of social capital in a given social setting. The topics of recent developments in the structure and management of organisations and welfare reform strategies were also researched to provide background information about the environment in which human service organisations are required to operate.

⁷ Giovanni Sartori, 'Comparing and Miscomparing', 250.

Finally, aspects of the history of both Texas and Tasmania were researched as part of the explanation for contemporary policy developments.

The approach to field research

An inductive research approach was used to ensure that the research questions eventually identified would be relevant in the context of the sector studied, in both Texas and Tasmania. Fourteen research subjects were selected, seven in Tasmania and seven in Texas. An informed sampling method was used to ensure organisations with a range of characteristics were studied, following a general study of the human service organisation population conducted in both research sites. Variety in budget size, employee numbers, affiliation, service provided and type of management was possible.

In Texas, data was collected by invitation to participate in a voluntary interview. No organisations or representatives were coerced to participate, and their anonymity was guaranteed. All interview material has been masked to retain confidentiality. Guarantees of confidentiality extended to reporting of comments from interviewees. Material was not to be attributed to particular research participants and for this reason their identities cannot be made public. Similar conditions were applied to treatment of data from Tasmanian interviews. In Tasmania, research was conducted as a component of contracted research by the Centre for Public Management and Policy. The contracted organisations allow academic use of data gathered for non-commercial purposes.

In both these cases, contractualism and privatisation have made issues of ‘commercial-in-confidence’ matters of paramount importance for nongovernment nonprofit human service organisations. Organisations in both locations are frequently in competition with each other for public sector funds, and so normal conditions of confidentiality are reinforced by concerns of ‘commercial-in-confidence’ data.

Comparative methodology

Comparative method is the systematic study of the two or more items to identify common elements and differences. A comparative approach is adopted to allow for a deeper understanding of the similarities and contrasts between the two countries and explanations for this. Social scientists have identified patterns of social development that result in artefacts that are similar or at least resemble each other.⁸ It is important that these assumptions about types and stages of development do not distort the data collected and the subsequent analysis. As a methodology, it is also reputed to ‘help a person overcome ethnocentrism, which is defined as the inability to understand other countries except through one’s own rose-coloured lenses’.⁹ Sartori explains that ‘comparison and case study can be mutually reinforcing and complimentary undertakings’.¹⁰

⁸ A. Prezowski and H. Tuene, *The Logic of Comparative Enquiry*, (New York: Wiley, 1970), 4.

⁹ Howard J. Wiarda. *Introduction to Comparative Politics*, (Belmont: Wadsworth, 1993), 16.

¹⁰ Sartori, ‘Comparing and Miscomparing’, 252.

Comparison as a methodology emphasises differences, and this is particularly evident when comparing political entities. A comparison of states allows for characteristics of systems of governance, the polity, public policy interventions, history and socio-economic factors to be assessed. Patterns of behaviours and outcomes are clearer when not seen in isolation. Analysis is more insightful with comparative elements. Wiarda notes that:

Why are interest groups and political parties structured in one way in some countries, and other ways in others? Why do some countries and their political systems fail while others succeed? These are among the most challenging questions one can grapple with in today's world.

Comparative [method] helps us get at the answers by showing the change process in all its dimensions and wrestling with the problems posed by the complexity and multiple causes of these processes.¹¹

To be fully effective, comparison must adopt an empathetic approach, to 'know... thoroughly from the inside'.¹² This is in contrast to the imposition of frames of reference and knowledge prior to the research task. These aspects link well with qualitative method, concerned with understanding the meaning of concepts and processes in the sites studied. Comparative studies are

¹¹ Wiarda, *Introduction to Comparative Politics*, 16.

¹² Wiarda, *Introduction to Comparative Politics*, 16.

complementary to other methods and fields of study, particularly in the areas of politics and public policy.

Comparative method between nations allows for different groups to be understood in context and assessment to be made about meaning and norms. This type of research is interesting and intellectually stimulating, often leading to the development of models and theoretical perspectives.

Although comparison will result in an orderly body of knowledge, it is not consistent with positive deductive research methods, and laboratory replication is seldom possible, although parallels can be drawn. Comparisons are able to ensure precision and validity in other ways. Wiadra explains that:

Through comparison we can learn that what works in one society may not work in another, and why. Comparative politics also provides an antidote to ethnocentrism- a method by which to understand other societies on their own terms and in their own context.¹³

For these reasons, comparative methods applied to diverse social settings are particularly applicable for the project of this thesis: it is important to identify the factors that have resulted in the organisational structures in the two countries studied with the veil of ethnocentricity removed. These methods allow analysis without cultural assumptions. Despite cultural differences, it is possible to identify

similar social trends and related structures and patterns. The cases of Texas and Tasmania vary in scale and background, but there are sufficient social similarities to make comparisons illuminating. The organisations studied experience different circumstances, policies, levels of government intervention, regulation and philanthropic environments, and the results are illuminating and insightful. For this reason, a range of concepts is used as bases for comparison. This is consistent with the views of Rose:

Broadly speaking, the more countries examined, the fewer the concepts; the fewer the countries, the more detail, approaching holistic comparison...This avoids the common fallacy of generalizing from a single case.¹⁴

Because the two cases used are diverse yet share some important commonalities, the methodology adopted in this thesis is incisive and produces valuable insights.

Outline

It is currently fashionable and popular to talk about the community sector in a public policy context consisting of efficiency, effectiveness, flexibility, timeliness, proximity to the client group and its potential for a market orientation.

¹³ Wiarda, *Introduction to Comparative Politics*, 17.

¹⁴ Richard Rose, 'Comparing Forms of Comparative Analysis' in *Political Studies*, (1991, XXXIX,453-454).

But what is the real capacity of the sector to thrive in a climate of competitive tendering, out-sourcing and market mechanisms?

Conceptual tensions have emerged within the civil society pillar as policies of neoliberalism are implemented or accelerated in Texas and Tasmania.

Traditional models of society are no longer adequate to analyse the nongovernment organisations active in civil society. This thesis examines the administrative facets of the relationship between community sector human service organisations in the current political/ economic climate. The historical context of public policies impacting on this area is a defining factor. This becomes particularly clear when a comparison between two states, one in Australia and one in the United States of America, is made. The vivid contrasts between social development of these countries are readily identifiable in aspects of their societal structure: the civil society, the economy and the polity. Assessing the nature of the social policies in place in the two countries requires an examination of the historical context and the topical policy context, and a comprehensive understanding of the social systems operating.

It is important to examine the structure and nature of social institutions before beginning an analysis of the relationships at a more detailed level. Chapter one is a literature review of ideas and theories of society, its structure and resulting assumptions about sectors of society. Theories arising in contemporary discourse are then considered. These authors generally speaking acknowledge the origins of

models of society in ancient writing, as well as the socialist theorists of the nineteenth century. In a contemporary context, these ideas are adapted and applied to social mores and institutions with some extension of theory. But they are not sufficient to construct an accurate model of current social institutions.

In the second chapter, the traditional three-sector model is reviewed and proposals for a fourth sector considered. None are considered adequate and a detailed exploration of the field of non-profit human service organisations is required to construct an adequate model of the pillars of society. A range of defining characteristics is identified for human service organisations, and reasons provided for their selection. These include aspects of structure, process and program activity that locate them on a conceptual continuum of formality. A typology of human service organisations is developed in chapter three employing the defining characteristics previously identified. By using this typology, it is possible to track the extent of market orientation of sector organisations and the level of sophistication with which they evaluate their programs and services. The greater the degree of market orientation, the more formal and strategic the organisational processes are likely to be.

The thesis now turns to the field to locate examples of the various organisational types in a range of sites. Comparative technique is used, and the sites of Texas in the United States and Tasmania in Australia are selected. Chapter four provides a snapshot of the social and political histories of the two states,

focusing on issues of human service delivery and the development of the various societal sectors. Despite dramatic contrasts, it still possible to find common ground.

Chapters five and six examine seven cases in each of the two example sites, locating them in the typology, identifying their market orientation and considering their prospects. The following eleven characteristics are studied in each organisation:

1. Structure composition and expectations of the management stream;
2. The number of paid staff and complexity of their roles;
3. The number of levels of paid staff in the organisational structure;
4. The number, utilisation and sophistication of volunteer activity;
5. The extent of organisational commitment to development and training of human resources;
6. The organisational perceptions and operationalisation of strategic planning processes;
7. Predominant funding sources;
8. The complexity, frequency and scale of budget activity;
9. The organisation's client orientation and basis of program activity;
10. The evaluation generation; and
11. The organisation's rating on the market orientation scale.

Chapter seven identifies significant findings from the field research in the light of the socio-political context. It then collates results and draws preliminary conclusions on this basis. It includes discussion of themes and trends evident in the research data.

In chapter eight an alternative fourth pillar of society is theorised and found to be consistent with the findings of the fieldwork. The *entrepreneurial civic service sector* is developed to more comprehensively account for the various parts of society and explain the structure, motivations and activities of a distinctive group of organisations.

The concluding chapter summarises the field work and findings, reviewing the market orientation scale, the typology of non-profit human service organisations and the invention of the additional entrepreneurial civic service sector. Areas for further research are identified and their application foreshadowed.

Chapter one: The Foundations of Society

In considering the nature and importance of the relationship between government and nonprofit human service organisations, it is first necessary to locate these two groups in a coherent societal structure. This first step of identifying the structure provides a framework of concepts and assumptions that enhances the comprehension of the relationship between government and nonprofit organisations. This chapter provides a literature review that examines previous models of society, and in particular theories of civil society as that which is not government or economy. This elaboration provides an opportunity to identify traditional conceptions of civil society and its functions. It provides a framework from which to examine contemporary models and practices.

Civil society has been variously theorised as an arena of extreme self interest, depravity and materialism which will perish¹⁵, a necessary and separate structure to the state with complex inter-relations, an informally structured yet powerful barrier between the excesses of the state and the economy, a requirement for a true democracy to function and, in contrast, by some as an out-moded concept.

Civil society is a contested concept, employed by a range of social scientists within their different disciplines and adapted for different purposes. Castiglione explores the controversial nature of the concept and its history, and maintains that the flexible understanding that has prevailed has made it vital and functional through pre-modern, modern and post-modern eras.¹⁶ Whether this is due to linguistic evolution or the result of a continuing political debate is itself contested. Discussion of civil society is certainly characterised by ‘openness’ and ‘vagueness’¹⁷. A range of usages is identified, from concern with civility, non-instrumental purposeless associations, local self-government, to the group of concepts associated with communitarian values. This group emphasises spontaneous voluntary aggregation and the ethical dimension. Individuality as a focus and a goal is seen ‘more as a problem than a virtue’.¹⁸

15 Karl Marx and Frederick Engels, *The Manifesto of the Communist Party*, (Moscow: Progress Press, 1968).

16 Dario Castiglione, ‘History and Theories of Civil Society: Outline of a Contested Paradigm’ in *Australian Journal of Politics and History* (vol 40 special issue 1994), 83-103.

17 W.B. Gallie, ‘Essentially Contested Concepts’ in *Proceedings of the Aristotelian Society* (vol LVI, 1955) quoted in Castiglione, ‘Contested Paradigm’, 90.

The first of the three explanations of civil society given is a rejection of organised ritualised politics as being elitist, inadequate and structurally repressive. Civil society is seen as the arena in which class and status barriers can be forded and new alliances and discourses fostered, in comparative freedom. The second view, arising from the ideas of Habermas, locates civil society outside the state and the economy, as society's 'main defence against ... the colonisation of system imperatives ... on areas of the lifeworld'.¹⁹ Thus, the complex and highly differentiated social system is accommodated democratically. The final view, attributed to Michael Walzer, again emphasises differentiation, particularly multiple conceptions of good, 'whether the political community, the cooperative economy, the market or the nation.'²⁰ This pluralist view assumes capacity for self-regulation and self-sufficiency, which, it is claimed, is perilous. Civil society is necessarily fragmented and therefore not powerful enough to effect sustained political change. For this, political affiliation and mobilisation is required. Walzer concedes that civil society operates well in the facilitation of networks and the development of associational life.²¹

Theories of social organisation have typically involved ideas of the state, the economy and civil society. It is civil society that has been widely identified by

¹⁸Castiglione, 'Contested Paradigm', 97.

¹⁹Jurgen Habermas referred to in Castiglione, 'Contested Paradigm', 97. Habermas explores this further in *Legitimation Crisis*, (Cambridge: Polity Press, 1976), 20-24.

²⁰Castiglione, 'Contested Paradigm', 97.

²¹Michael Walzer cited in Castiglione, 'Contested Paradigm', 97. Walzer's ideas are further expounded and critically analysed in *Pluralism Justice and Equality*, David Miller and Michael Walzer eds, (Oxford: Oxford University Press, 1995).

social scientists as the site of non-profit organisations, through which individuals construct identity, build connections that foster shared norms and values and therefore safeguard society, and labour for motives other than gain.

This review of civil society theory outlines Marxist and revisionist conception of civil society and its influences. A commentary of contemporary views of the nature of civil society and its relationship with other sectors follows.

Hegel, Marx and Gramsci: Nineteenth and early twentieth century revolutionary thought

Hegel drew the distinction in the development of civil society between natural needs and mental needs, the conjunction of which forms social needs. Needs arising in the state of nature are viewed as simple necessities which become obscured by ‘man (sic) [’s concern] with his own opinion... with a necessity of his making alone... [It is] an inner contingency, and mere caprice.’²² Civil society is the arena of social self-expression and the meeting of individual needs emerging as liberation from the constraints of the state of nature and the avoidance of ‘the distortions of oppressive civilisation... when the unsupported belief (opinion) of the individual becomes the intuitive basis of substantive politics’.²³ It is argued that civil society, by resolving substantive issues through popular opinion, represents the replacing of truth by will: this implies a significant assumption that

²² G.W.F. Hegel, *The Philosophy of Right*, (London: Oxford University Press, 1967).

²³ G.M. Tamas, ‘A Disquisition on Civil Society’ in *Social Research*, (vol 16, no 2, summer 1994), 210-211.

there is an empirical truth in civil matters.

Both Hegel and Marx see civil society as bourgeois and therefore a characteristic of capitalism. The extremes of poverty and wealth are said to be a consequence of civil society, a sphere of self-seeking individuals.²⁴ Civil society and state are inter-related: within capitalist arrangements it is absurd to speak of one without reference to the other.

Marx claims civil society arose from the destruction of medieval society, and is characterised by 'crass materialism, ...modern property relations, ...the struggle of each against all ...[and] egotism'.²⁵ Bonds of privilege are replaced by the needs of selfish individuals, whose only connection with each other are through law; this link is not a natural one but is successful because of its threat of punishment. The modern state is therefore necessary to bind a fragmented and conflictual society, as a structure remote from it. Its effectiveness is, however, limited by the intrusion, dominance and inevitability of economic life and its struggles.

Marx describes the simultaneous development of division between individuals, and division between society and the state (structures). He considers it ironic that human beings develop their most noble selfless moral elements, characteristics properly belonging to the state, in the brutal and depraved arena of

²⁴G.W.F.Hegel, *Hegels Philosophy of Right*.

civil society through economic relations. For human beings to reach their full potential, civil society and 'its product, political society, must be abolished', thus implying both a social and a political revolution²⁶. Marx saw the characteristics of civil society as deprived, partial, and subject to individual egotistical desires by the sheer necessity of economic relations, and maintained that it should be abolished so that the full potential of human beings could be realised, whereas Gramsci sees civil society as involving both individuals and organisations.

Civil society is seen as enduring and complex in its organisation by Gramsci. He sees the distinction between civil society and the state as artificial; any apparent separation is at best a product of 'laissez-faire' state-driven policy. Civil society forms a barrier that is able to protect the state from economic intrusion: similarly in other circumstances the reverse is true. Gramsci notes that western societies in which the state is a barrier protecting civil society is a result of a weaker state structure.

In contrast to Marx' separation of the civil and the state, Gramsci:

emphasises the inter-relationship between the two.... [T]he everyday narrow use of the word state may refer to government, [however] the concept of the state in fact includes elements of civil society²⁷.

²⁵ Anne Showstack Sassoon, 'Civil society' in *A Dictionary of Marxist Thought*, T. Bottomore (ed), (Oxford: Basil Blackwell Publisher Ltd, 1983), p73.

²⁶ Sassoon, 'Civil society'.

²⁷ Sassoon, 'Civil society', 74.

Government is protected by hegemony arising from civil society 'while the dominant class is fortified by the coercive state apparatus.'²⁸ Civil society is expected to remain following the withering away of the state. The relationship between the two is necessarily blurred and while the state has a crucial role in the development of the civil realm, it should not be dominant or excessive: 'he warns against perpetuating statolatry or state worship'.²⁹

Contemporary Discourse:

Ernest Gellner has written extensively on the recent re-emergence of the concept of civil society in political philosophy and explanation.³⁰ Gellner's perspective is broad ranging; he does not completely separate Marxist use of the term from the enlightenment³¹ use of the term as an adjective for the totality of society. In his contemporary treatment of civil society which hinges on an attack on economic society, Gellner raises the issue of changing family structures and arrangements that impact on the capacity to 'shoulder the burden of looking after those who are, one way or another, disabled. ... A modern society without some form of effective welfare state is unutterably repulsive.'³² A pluralist approach to ideology is also necessary in his view. Gellner's conception of an economic sector

28 Sassoon, 'Civil society', 73.

29 Sassoon, 'Civil society', 73.

30 Ernest Gellner, *Conditions of Liberty: Civil Society and its Rivals*, (London: Hamish Hamilton, 1994).

31 The Enlightenment period saw an awakening of critical thought ,and widespread denunciation of superstition and the domination of elite distribution of power, in favour of the rule of reason and nature. See also Gellner, 93-96.

is scientifically based, and therefore quite inconsistent with ‘a cognitive picture of the world which is socially sustained...’³³ Gellner concludes with the assertion that civil society, although not founded on relative truth, is nevertheless diverse, and intolerant of absolutism. Gellner does not speak in individualistic terms, but his implications for the collective good also hint at benefit to the individual.

Tester uses a hermeneutic approach to develop his ‘sociology of civil society as a social issue.’³⁴ Although he traces the historical context of the term, citing Bacon, Locke and Rousseau, and emphasises the work of Marx on this topic, Tester sees no contradiction in defining civil society as connected with self-fulfilment and what it is to be distinctly human. It is all the relationships and activities outside the scope of the coercive power of the state and oppression through being members of society at large. Civil society is the exercise of freedom to engage in voluntary associations, and as such to ‘accept the legitimacy of authorities external to ourselves’.³⁵ Inherent in the sophistication of civil society is its reflexive nature. The individual is self-examining, self-defining and self-directing.

Civil society as conceptualised by Krishan Kumar, and Christopher G. A. Bryant is most succinctly and thoroughly exposed in their exchange of views

³² Gellner, *Conditions of Liberty*, 90.

³³ Gellner, *Conditions of Liberty*, 212.

³⁴ Keith Tester, *Civil Society*, (London: Routledge, 1992), 6.

³⁵ Tester, *Civil Society*, 5 .

through publication in 1993-4.³⁶ Kumar explains that while the concept has its origins in Cicero's and Aristotle's ideas, it has mutated considerably through adaptation by Locke, Kant and Rousseau. '[M]en (rarely women) regulate their relationships and settle their disputes according to a system of laws; where civility reigns, and citizens take an active part in public life'.³⁷ Hegel's interpretation of the concept is debated and Kumar argues that, contrary to the purely economy driven use Marx espouses in his discussion of the material conditions of life, Hegel's view is one of '[c]ivil society [as]... a part of ethical life, the part that provides the middle term between family and the state'.³⁸ He traces historical uses of the term, eventually arriving at the conclusion that the term is better abandoned, favouring the use of 'such concepts as constitutionalism, citizenship and democracy' to counter abuses of state power and to promote pluralism and diversity.³⁹ Bryant points out that these terms are complemented by the concept of civil society as an arena in which these associations take place. Ignoring the existence of such an arena does not reduce its significance or influence. Bryant interweaves the concept with the provision of an arena between household and state, in which opportunity for concerted action and social self-organisation occur, and also with the idea of civility and tolerance of diversity. This is an

36 Krishan Kumar, 'Civil Society: an Inquiry into the Usefulness of an Historical Term' in *British Journal of Sociology*, (vol 44. no 3, September 1993, 375-395).

Christopher G. A. Bryant, 'Social Self-Organisation, Civility and Sociology: a Comment on Kumar's 'Civil Society' ' in *British Journal of Sociology*, (vol 44. no 3, September 1993, 397-401).

Krishan Kumar, 'Civil Society Again: a Reply to Christopher Bryant's 'Social Self-Organisation, Civility and Sociology' ' in *British Journal of Sociology*, (vol 45, no3, 1994, 127-132).

Christopher G. A. Bryant, 'A Further Comment on Kumar's 'Civil Society'' in *British Journal of Sociology*, (vol 45, no3, 1994, 498-501).

37 Kumar, 'Civil Society', 377.

38 Kumar, 'Civil Society', 378.

39 Kumar, 'Civil Society', 391.

enhancement of the conception of civil society as a site of correct behaviour and manners and De Tocqueville's art of association.⁴⁰ Bryant also recognises the idea of Habermas's public sphere in which communication, deliberation and discursive interaction take place.⁴¹

Mark Neocleous continues the discussion begun by Kumar and Bryant, focussing primarily on the differing interpretations of the views of Hegel and Marx on this subject.⁴² He concludes that for Marx the nature and existence of civil society pose a problem. He anticipates political change that will remove the separation of the state and civil society, and eventually cause both to wither away. Radical democratic reformers may see civil society as necessary and useful in promoting and advancing their program, but this view is not shared by Marx.

In his exploration, Tamas, in contrast to Kumar, identifies parallels between civil society and communism.⁴³ Civil society has a noncoercive political order, but unlike political institutions is based on voluntary relationships. This results in fluidity and impermanence. The implied contract is mutual and symmetrical; the high emphasis on choice and individual unregulated behaviour results in flexibility and a tendency to informality of structure. As coercion is absent, participation is the demonstration of continuing commitment, but Tamas does not necessarily see this as of great value:

40 Bryant, 'A Further Comment', 498.

41 Bryant, 'A Further Comment', 498.

42 Mark Neocleous, 'From Civil Society to the Social' in *British Journal of Sociology* (vol 46 no3 September 1995).

[m]embership in this kind of voluntary civil association is nothing but a 'discreet' series of disjointed volitional acts. Institutions in a civil society are shapeless congeries of decisions between mutually consenting private persons; in other words they are not institutions.⁴⁴

Because impermanence and voluntarism are so fundamental to civil society, Tamas views it as only possible for the individual prior to undergoing the formality of true citizenship. The nonhierarchical organisation of civil society does not require obedience. The relationship depends on opinion expressed as personal preference: this voluntary characteristic makes compliance and servitude entirely optional, in vivid contrast to the requirements of political and economic social structures. Any subordination or disadvantage endured in civil society will be the impermanent result of individual choice. It is therefore not dangerous 'since... [s]ymmetry and mutuality can be re-established at any moment'.⁴⁵ Tamas argues that communism and civil society alike promote the myth that organisation can be politically noncoercive, voluntary and symmetrical, or even allow subordination by individual choice.

Giner and Sarasa examine the composition of civil society today, identifying

⁴³ Tamas, 'A Disquisition'.

⁴⁴ Tamas, 'A Disquisition', 217.

⁴⁵ Tamas, 'A Disquisition', 218.

authorities, enterprises and altruistic associations.⁴⁶ Despite protestations to the contrary, such organisations are becoming politically active and sophisticated, using techniques and strategies to influence policy and funding decisions, and forming advantageous alliances. These developments influence and potentially compromise service delivery benefits to society, and ‘to the quality of citizen participation’.⁴⁷ This also threatens the role of civil society as the propagation bed of political resistance and independent policy analysis. Giner and Sarasa are particularly concerned with the growth in ‘co-responsibility’ for the delivery of public services.⁴⁸ They examine the current failure of the welfare state and the perceived desirability of handing back responsibility for much of the service provision burden to the appropriate occupants of civil society: the altruistic associations. Giner and Sarasa identify flexibility, capacity for innovation and adaptation to uncertainty, and efficiency as likely benefits, but also comment that participation in civil society is increasingly synonymous with political participation. They express a conviction and a hope that the emerging trend to ‘dedication to things public [will not]... undermine the free will of citizens or convert... them into professional homines *politici*’⁴⁹ (their italics).

Geyer’s study of the nature of resistance to the Third Reich of Nazi

46 Salvador Giner and Sebastian Sarasa, ‘Civic Altruism and Social Policy’ in *International Sociology*, (vol 11 no 2 June 1996.)

47 Giner and Sarasa, ‘Civic Altruism’, 139.

48 Giner and Sarasa, ‘Civic Altruism’, 147.

49 Giner and Sarasa, ‘Civic Altruism’, 156.

Germany highlighted the role of civil society.⁵⁰ He particularly emphasises the necessity of re-establishing social bonds within the community severed by the Nazi regime. Resistance against such a pervasive foe, albeit passive, thus becomes an expression of altruism. It was a reactive process of forging human bonds that the [alternative] Nazi society had severed.⁵¹

In such an environment, civil society and the associated community relationships could not be assumed but were instead the object of sustained social, political and cultural efforts. Geyer is clear that a hallmark of undemocratic and totalitarian regimes is the community destruction they leave behind. One expression of resistance to these regimes is the construction and maintenance of both altruistic and political elements of civil society.

The shrinking middle ground between government and the private sector is, according to Barber, occupied by civil society.⁵² It has voluntary associations shared with the private sector, and concern for the general good, shared with government, but has no monopoly on coercion, and is not concerned with the perfect rationality that is the goal of the market. Instead, it seeks solutions through common ground and consensual (that is, integrative and collaborative) modes of action.⁵³ Barber's analysis of the American model identifies shrinkage in the civil sector as interventionist governments relate directly to the individual, seeking to

⁵⁰ Michael Geyer, 'Resistance as an Ongoing Project: Visions of Order, Obligations to Strangers, Struggles for Civil Society' in *Journal of Modern History* (December 1992: no 64 supplement).

⁵¹ Geyer, 'Resistance'.

⁵² B.R. Barber, 'An American Civic Forum' in *Social Philosophy and Policy* (vol 13, no 1, 1996).

meet individual needs without reference to the mediation of civil society. In a real sense, men and women are absorbed daily in private economic activities and do not see any requirement or opportunity for civic participation, either altruistic or political. This vividly demonstrated in the example cited by Putnam in his article 'Bowling alone: America's Declining Social Capital'.⁵⁴ According to Putnam, social connection has dramatically declined in the last ten years and this is a threat to the very core of society, particularly its democratic institutions. Putnam's title is taken from the decline in tenpin bowling leagues composed of groups of players, while simultaneously participation rates by individuals increased. This is indicative of the decline in association. Individuals are not willing to become involved in groups on a voluntary basis, but are willing to participate on an individual basis when they can withdraw at any time.

Szucs uses the example of Sweden to explore the proposition that civic traditions contribute to successful effective government.⁵⁵ Recent changes arising from the dismantling of the Eastern bloc have indicated that a more democratic approach to government fosters civil society, which in turn supports effective democratic government.⁵⁶ Subsequently similar questions about state intervention and domination of political arrangements and service provision have been posed about social democratic states like Sweden. Szucs explains that steps in Sweden to

⁵³ Barber, 'Civic Forum', 271.

⁵⁴ Robert D. Putnam, 'Bowling Alone: America's Declining Social Capital' in *Journal of Democracy* (6:1, January 1995, 65-78).

⁵⁵ Stefan Szucs, 'Democratization and the Reorganization of the Welfare State' in *The Annals of the American Academy*, (no 540, July 1995, 105-118).

⁵⁶ Szucs, 'Welfare State', 105.

more evenly distribute power between the three levels of government and moves towards a more market-like approach to provision of services such as education could well have the effect of raising the level of civic responsibility and civil activity.⁵⁷ In his somewhat behaviourist interpretation, Szucs explains that values have been reprioritised but have not changed among political and administrative leaders. He identifies ‘a very strong bond between the local leaders and the civic community. Participatory values and community obligations seem to go hand in hand with values of increased individualism in the Swedish welfare state’.⁵⁸ Szucs then seems to be saying that civil society is valuable and successful because of a prevailing ideology of individualism, rather than notions of communitarianism and altruism.⁵⁹

Commenting on the United States experience, Jeremy Rifkin identifies a strong and pervasive commitment to altruism and community service.⁶⁰ In particular, he sees a third sector, civil society, emerging as a source of meaning and connection for those employed and displaced workers in the developing information age.

Essentially, in post-Marxian usage, civil society separates the state and the market-dominated economy, preventing the extinguishment of humanism. This is achieved through amateurism, informal and non-hierarchical structures and

⁵⁷ Szucs, ‘Welfare State’, 107.

⁵⁸ Szucs, ‘Welfare State’, 117.

⁵⁹ Szucs, ‘Welfare State’, 117.

flexible interactions. It functions as the site for the initial development of political resistance, and skill and opinion formation, and this is viewed as a major and critical function. In this sense the concept of civil society is instrumentally employed as a pathway to understanding the origins of political society- political activism, political office-holding and participation.

A more sociological perspective is adopted by Phillips in his examination of civil society, with particular emphasis on its function in national identity formation.⁶¹ The theoretical basis for his research on Australian identity construction favours 'neo-Durheimian conceptions' of civil society rather than those of the Marxists; moral and altruistic links are believed to prevail over economic and class constructions.⁶² Civil society is therefore defined as 'the public sphere of association and discourse that is concerned with the moral regulation of social life'.⁶³ It is rich with tradition and culture, and is endowed with collective memory. For Phillips activity in civil society almost incidentally serves a major factor in individual identity construction. This position coincides with that of Anthony Giddens who proposes the ongoing project of the self in which identity is constantly revised and built upon.⁶⁴

60 Peter Slavin, 'The Information Age and the Civil Society' in *Phi Delta Kappan*, (May 1996, 607-610).

61 Timothy L. Phillips, 'Symbolic Boundaries and National Identity in Australia' in *British Journal of Sociology* (vol 47, no 1, March 1996, 113-135).

62 Phillips, 'Symbolic Boundaries', 129.

63 Phillips, 'Symbolic Boundaries', 114.

64 Anthony Giddens, *Modernity and Self-Identity: Self and Society in the Late Modern Age*. (Cambridge: Polity Press. 1991).

Schmidt's investigation of the history and diverse use of the term civil society is intended to form the basis of an epistemology of social sciences.⁶⁵ Civil society and social things are seen as foundation units of examination and analysis. Use of the term by a range of social thinkers and the interconnected meanings has resulted in a gradually broadening definition. He concludes that:

[a] recent discussion sees [civil society] as encompassing families, informal groups, voluntary associations, cultural and communicative institutions, individual moral systems, laws and individual rights" and its use is characterised by ambiguity.⁶⁶

From her specialist viewpoint of family history, Katherine A. Lynch considers the impact of the dichotomy of public and private life.⁶⁷ She addresses the frequent criticism of her field by women's historians who claim that such generalisations as family strategies assume consensus within the family. This ignores the often recorded power struggles and political nature of domestic life, and the somewhat public nature of a predefined private realm of life. Women, claims Lynch are notably less constrained by the division of public and private, as is evident from recent work on the lives of nineteenth century women which shows considerable activity and mobility within civil society.⁶⁸ The notion of the

65 James Schmidt, 'Civil Society and Social Things: Setting the Boundaries of the Social Sciences' in *Social Research*, (vol 62, no 4, 1995, 899-933).

66 Schmidt, 'Social Things', 928.

67 Katherine A. Lynch, 'The Family and the History of Public Life' in *Journal of Interdisciplinary History* (vol xxiv no4 spring 1994, 665-684).

68 Lynch, 'The Family', 675.

collectivity is proposed as a social group with the capacity to take responsibility for those whose needs are unable to be met by the nuclear family. Lynch explains that ‘nuclear hardship’ results from particular peculiar developments, and that responsibility, following on from the notion that the parish of a particular individual has a nurturing and support role, is quite properly shared by the local community, or collectivity.

Should civil society include economic activity? It is inconsistent with many definitions, but such activity is evident in the daily activities of many non-profit organisations. Burchell explores the historical variations evident in the use of civil society, and teases out in particular the debate of inclusion of elements of economic activity.⁶⁹ He notes that civil society had much to gain from such an alliance:

far from commerce being purely a corrosive force on virtue as modern civicists had generally feared, commerce could, if properly handled, provide an animating spirit ... Commerce might not share virtue's love of austerity or even equality: yet at the same time it was inimical to the spirit of monarchy or despotism, and thus in important respects closer to the spirit of the modern republic.⁷⁰

Burchell views civil society as consisting of opportunities and attributes

⁶⁹ David Burchell, ‘Civic Virtue, Civil Advice: Genealogies of Citizenship and Modernity’ in *Political Theory Newsletter*, (no 6 1994).

conferred randomly by government, rather than philosophical assumptions and implied rights. The focus then is on the individual as an actor, not the collectivity. Burchell concludes that civic action can lead to the achievement of the individual goals of self-realisation and fulfilment.

In his discussion of civil society, Mlinar follows a line of argument that globalisation at a macro level is likely to result in increased access to decision making for citizens at a local level. Similarly, at a level above the individual, ‘interconnectedness expands across space, territorial hierarchies will be seen to be flattening’⁷¹. Politics cannot be institutionally separated from other elements of society in post modernity; it is increasingly endemic in all aspects of human societal existence. Mlinar identifies parallel trends of movement ‘closer to the citizen and toward global society’.⁷² He does not however anticipate this spreading to the international level. Access to services and amenities is examined, and trends of state retreat, centralisation of administration and privatisation explored. Deinstitutionalisation has brought with it widespread transfer of a range of activities ‘from the state to the civil sphere’.⁷³

As the state cedes responsibility, civil society is strengthened and adapts with ‘hybrid forms of activity by the state and civil society groups ... such as neighbourhood committees ...[and] consumer groups, user-led community

70 Burchell, ‘Civic Virtue, Civic Advice’, 25.

71 Zdravko Mlinar, ‘Local Responses to Global Change’ in *The Annals of the American Academy*, (no 540, July 1995), 146.

72 Mlinar, ‘Local Responses’, 146.

organisations, day centres run for and by the disabled, housing co-operatives, and cultural clubs.’⁷⁴ While some have identified a gap in civil activity and societal involvement at the local level, Mlinar proposes that the change is in the mode rather than the substance. Technological advance enables individuals to form connections and be active in groups spanning the globe as well as national and local bodies. This spreading is changing the meaning and impact of local activity.

Green also picks up the thread of provision of welfare support.⁷⁵ He argues that this should be provided outside the public sector, irrespective of arguments that the public sector might be more efficient or better equipped for this role, his justification being that appropriate skill acquisition is more likely. This in turn stimulates the demand and enhances the role of civil society, as well as partially redefining it.

Andrew Norton claims that ‘the existence of civil society is the surest sign of a free society’ representing the opportunity for, and exercise of freedom.⁷⁶ He also refers to the ideas of Kukathas, Lovell and Maley, in their discussion of a "social separation of powers" which ensures individual freedoms are insulated from state intrusion and attacks from rivals within civil society itself.⁷⁷ Norton accepts that there is a role for the state in maintaining the legal framework, police

⁷³ Mlinar, ‘Local Responses’, 154.

⁷⁴ Mlinar, ‘Local Responses’, 155.

⁷⁵ David G. Green, *Reinventing Civil Society: The Rediscovery of Welfare without Politics*, (London: IEA Health and Welfare Unit, 1993).

⁷⁶ Andrew Norton, ‘Civil Society: the Middle Way’ in *IPA Review*, (Autumn 1991, 50-53).

and defence services, but it is unable to effectively represent the beliefs and values of groups within the general population. Civil society provides political society with the building blocks for its agenda, feeding in the concerns and key issues of individuals represented in the loosely structured groups that form civil society.

Norton's pluralist view emphasises the effectiveness of civil society in this role, but does not recognise that some individuals and groups may not have access to this group representation, or may be differentially heard. He does however identify the reverse problem: that of radical avant guard groups attracting too much of the political agenda and support, with the consequence of politically based funding resulting in obligation and favouritism. Norton has a conviction that civil society is a necessary barrier between a mechanistic and voracious state and the individual (evident in fragmented group membership within civil society) which is compromised by increasing sophistication of organisations within civil society.⁷⁸

Watts's work has a distinctly Australian flavour. He mentions the problem of defining civil society with or without the economic market, but goes on to suggest that the concept of civil society has out-lived its usefulness. He prefers to substitute the dichotomy of state and civil society with recursive discourse dealing with the 'constitution of categories and techniques of governance by agents central

⁷⁷ Chandran Kukathas, David Lovell and William Maley, *The Theory of Politics: An Australian Perspective*, (Melbourne: Longman Cheshire, 1990), 15.

⁷⁸ Norton, 'The Middle Way', 52.

to the project of modernity'.⁷⁹ In other words, Watts advocates an assumption of state involvement in the operation of the functions of civil society in this era of high modernity and therefore its absorption into the state, albeit as an area over which complete control is not exercised. Watts bases these views on the ideas of Pusey and Encel, among others.⁸⁰ Pusey is critical of the consequences of aspects of modernity, and 'asks how Australian policy-makers came to abandon the once-dominant Keynesian, liberal-interventionist state and to embrace 'economic rationalism''.⁸¹

The Boyer Lecture, *A Truly Civil Society*,⁸² given by Eva Cox, blends several applications of civil society, and extends the synthesis to a more diverse analysis. Elements of the enlightenment use of the term civil society as one of decency and respect, as implied by the focus on manners and overt behaviours, can be identified.⁸³ This is expanded and interwoven with the structuralist meaning employed by Gramsci and other revisionists, who describe the role of civil society as one of mutual protection and separation from the economy and the state.⁸⁴ Political activism and participative democracy are also part of the picture for Cox, which links with Aristotelian classical citizenship and civics.⁸⁵ This alloy of ideas is progressed and, through the co-option of the concept of social capital as

79 Kukathas et al, *An Australian Perspective*, 161.

80 Rob Watts, 'Government and Modernity: an Essay in Thinking Governmentality' in *Arena Journal*, (no2, 1993/94, 103-157).

81 Michael Pusey, 'Economic Rationalism and the Contest for Civil Society' in *Thesis Eleven*, (number 44, 1996, 69-86).

82 Eva Cox, *A Truly Civil Society*, (Sydney: ABC Books, 1995).

83 Cox, *A Truly Civil Society*, 1-5.

employed by Putnam, accounts for civil society in its altruistic form in which the collective good becomes dominant.⁸⁶ The masculinist distinction between private and public spheres of life does not according to Cox give an accurate view of reality.⁸⁷ Putnam's social capital was a broad societal measure of communal health⁸⁸; Cox expands this to include the sort of 'societal relationship maintenance and housekeeping' that generally has generally been the role of women. The value of the capital is measured by the generation of trust, cooperation and reciprocity. 'Civic virtues come from building on what we have in common rather than by using our differences to create in-groups, out-groups and fear-driven competition.'⁸⁹ Cox also identifies a problem with the popular definition of that which is political. This masculinist usage is indicative of a narrow segmented understanding; such a definition of politics lacks predictive power because it is not able to encompass social aspects that are the origins of polity.

Cox's explanation of civil society has considerable depth and complexity and is reminiscent in a number of respects of Giddens's⁹⁰ framework of concepts about self and society in the era of late modernity. Through civil society individuals are able to progress the on-going project of the construction of the self, to establish and maintain multi-faceted relationships. These voluntary associations

84 See for example 'the productive interplay of state and community', Cox, *A Truly Civil Society*, 46.

85 Cox, *A Truly Civil Society*, 8.

86 Cox, *A Truly Civil Society*, 22.

87 Cox, *A Truly Civil Society*, 21.

88 Robert D. Putnam, *Making Democracy Work: Civic Traditions in Modern Italy*. (Princeton: Princeton University Press 1993.)

89 Cox, *A Truly Civil Society*, 20.

also embed and connect people with each other and with society at large. Altruism without obligation consolidates society, and reciprocity arising from informal loosely structured associations builds trust, well-being and security, which are pre-conditions for tolerance of difference and diversity.⁹¹ Discourse and dissent emerging from political activism and the civic aspect of civil society are then regarded as natural, even desirable processes, rather than threats and intimidation. Broadly then, Cox sees civil society as outside the formal state sector and not including the economic organised market domain.⁹² Nor does it include immediate household and family relationships. The remainder though is a vast array of multi-faceted relationships and interactions of varying intensity, including informal social groups, common interest and sporting groups, altruistic and charitable organisations, specific purpose groups, through to the more formal lobby groups and political bodies. The range of activities, services and associations produced by this civil society sector constitute social capital, which is itself a necessary basis for the effective production of such market commodities as financial capital and human capital.

Kai Nielsen discusses the elusive and contested nature of the concept of civil society⁹³ and particularly emphasises Gramsci's exploration of civil society. Nielsen concludes that modernity has resulted in his definition being somewhat irrelevant, as is the Marxian usage of the term with its assumption of the

⁹⁰ Anthony Giddens, *Modernity and Self-Identity*.

⁹¹ Cox, *A Truly Civil Society*, 18-22.

⁹² Cox, *A Truly Civil Society*, 6-7.

inevitability of revolution. Nielsen is most concerned that the growing strength and alliances between economic-corporate and political-bureaucratic organisations will ‘undermine the institutions of civil society’.⁹⁴ To fulfil its function civil society should be able to act as a third force between the state and the economy through the development and maintenance of a community identity. This Nielsen believes is in serious jeopardy as forces of the state and the economy gradually erode the private sphere.

Civil society: a New Definition in Late Modernity?

Civil society is an aspect of human association that can be linked with the notion of a social contract. For this reason there is some basis for suggesting that it precedes civilisation, but this is a somewhat eurocentric contention. Whether civil society includes some or all of the economic and political realms and activities of society is clearly a matter for debate. It is contended that, like everything social, the term is evolving, constantly redefining itself, a societal work in progress. At different times and in different contexts the term civil society will involve different meanings in its detail.

Based on voluntary associations, and therefore highly flexible, civil society is composed of organisations covering an infinite range of topic areas, ranging

⁹³ Kai Nielsen, ‘Reconceptualizing Civil Society for Now’ in *Arena Journal*, (no2, 1993/94, 159-174).

⁹⁴ Nielsen, ‘Reconceptualizing’, 167.

from self-interest to charitable service oriented bodies. Civil society is the arena for the development of political strategies and opinion, but it is also, and importantly, an end in itself. It is the site for development and exercise of social embedding and connection, altruism and qualitative value-adding. It could be argued that civil society defies measurement and consistent explanations that organisational theorists require.⁹⁵ Civil society has characteristics of informal structure, anonymity, amateurism and altruism that fill community and individual needs for meaningful and productive activity, social connection with like-minded groups or individuals and service provision. It is more than incidental that this foundation results in development of political awareness and policy critiques, but this is not an acceptable functional explanation for civil society. Yet economic rationalism has tended to squeeze civil society as the state and the economic realm converge, as Watts describes⁹⁶. I suggest that this is to be avoided if societal well-being is to be preserved and social capital maintained and developed. Fear and lack of trust, described by Cox⁹⁷ and extensively theorised by Giddens⁹⁸, has the potential to divide society, cement intolerance and create a society of self-centred uncaring individuals, rather than one with concern for the collective good and for groups for communal responsibility is necessary for their enjoyment of life or even very survival. Civil society in current usage must encompass ideas of civility,

95 As groups operating in the traditional civil society encompass informal altruistic associations, sporting clubs, mutual benefit organisations and others, often with few financial transactions or interactions with government, records of the nature and extent of their activity can only be estimated. Nevertheless, Mark Lyons' *Third Sector* (Sydney: Allen and Unwin, 2000) gives a detailed coverage of the activity of the more formally structured organisations in Australia. In theoretical terms, classical organisational theories have only limited application to this highly varied group.

96 Watts, 'Government and Modernity', 104.

decency and fairness, and tolerance of diversity as proposed by Cox⁹⁹ and Bryant¹⁰⁰. Geyer's application of civil society in the context of Nazi Germany vividly shows that far from being a given factor, civil society at that time was a privilege for which members of society fought.¹⁰¹ The freedom to behave altruistically, to associate freely and voluntarily, were valued and sought after.

Hegel's view of civil society as constitutive of ethical life and located between the family and the state is still meaningful in the contemporary context¹⁰². Consistent with Gramsci's views, civil society today involves individuals and organisations, which is to say it has both a collective role and a role in self-fulfilment and construction of the self. In a similar vein Tester emphasises behaviour intrinsic to civil society as being connected with self-fulfilment and the human condition. It is a less formal and less binding extension of the social contract implying acceptance of authority beyond the individual. Castiglione suggests that individualism, sometimes viewed as a cult in society, is perilous and threatening to the success of civil society, but the distinction between the two is in reality less clear.¹⁰³ That which benefits the collectivity, is of communal good, and is likely to enhance self-fulfilment and esteem, if only as an opportunity for laudable self-sacrifice.¹⁰⁴

97 Cox, *A Truly Civil Society*, 11.

98 Giddens, *Modernity and Self-identity*, 10-34.

99 Cox, *A Truly Civil Society*, 1-13.

100 Christopher Bryant, 'Social Self-organisation'.

101 Michael Geyer, 'Resistance'.

102 G.W.F.Hegel, *Hegel's Philosophy of Right*.

103 Castiglione, 'Contested Paradigm', 83-103.

104 Castiglione, 'Contested Paradigm', 83-103.

Gramsci identifies the interrelation of civil society with the state from a structural perspective. This relationship encompasses economic elements, but this does not compromise the critical role of civil society. In Gramsci's view, civil society is still able to constitute a barrier between the state and the economy. Although Bryant contends that civil society as a concept is currently of limited use, and possibly not worth retaining, structural analysis is still a worthwhile pursuit.¹⁰⁵ The use and meaning of the term is constantly changing and should always be interpreted in historical context, and this is clear from my research. Castiglione insists that the term requires flexible understanding, and it is this approach that makes civil society a valuable concept and structural feature throughout the various eras, from the pre-industrial to today, often termed the post-modern era.¹⁰⁶ A current interpretation of the concept of civil society by Rifkin sees the altruistic aspect as the most important. He favours the idea of civil society as the third sector, somewhat anarchic and organic in its organisation and operations. It is this characteristic that makes it flexible and responsive.¹⁰⁷

Although self-sufficient in many respects, organisations in civil society are subject to the activity in the market and polity. Recent policy developments leading to outsourcing of government services and contractualism as a service delivery mechanism have had a significant impact on organisations in civil society. This policy program is linked with neo-liberal political approaches espousing

¹⁰⁵ Bryant, 'Further Comment', 497-499.

¹⁰⁶ Castiglione, 'Contested Paradigm', 83-103.

small government and efficiency.

Neo-liberalism in economic theory has also been influential in discourse about civil society. In Australia in particular, neo-liberalism has been recast as economic rationalism and identified by several theorists and commentators as a danger to society at large, and civil society in particular.¹⁰⁸ The commitment to smaller government, reduced public spending in welfare and tax reform was seen as a necessity in the new global era. The public sector could no longer provide the universal safety net believed to have been in place. Another efficient means was envisaged:

How do we deal with the pressures on the public hospital

system? The public school system? Poverty?

Discrimination? Environmental degradation? In the minds

of the neo-liberals, there are market-based solutions to all

these problems.¹⁰⁹

Introduction of neo-liberal policies and market mechanisms in social welfare areas caused shortfalls in welfare programs and public sector budgets to become evident. Civil society was expected fill these gaps, from a pool of resources emanating from charitable individuals and organisations. While it could be argued that civil society will necessarily change and adapt to modernity, intrusion by state

¹⁰⁷ Slavin, 'The Information Age', 607-610.

¹⁰⁸ A. Capling, M.Considine and M.Crozier, *Australian Politics in the Global Era*, (South Melbourne: Addison Wesley Longman Pty Ltd., 1998), 53.

¹⁰⁹ Capling, Considine and Crozier, *Global Era*, 53.

mechanisms and the economy compromises its function and form intolerably. Giner and Sarasa use the term 'co-responsibility' to describe shared obligations for the provision of social services, and urge caution.¹¹⁰ The community sector and its altruistic member organisations should not be compelled to take responsibility for the failure of the welfare state through neglect. Barber sees civil society as not constrained by the perfect rationality required by the market, nor possessing a monopoly on coercion: consequently, it is able to act informally and to consult widely.¹¹¹ These characteristics are worthy of preservation and humanism should not be lost. Nielsen¹¹² and Rifkin¹¹³ both express concern for the fate of civil society in the face of onslaught from the state and the economy, resulting in its squeezing and collapse.

Civil society then is regarded as subject to societal change through the impact of public policy and the market. The late twentieth century has seen the role of women change considerably with resultant impacts on society. The private sphere has traditionally been understood as the province of women. As women enter the labour market in increasing numbers, and hence into the public sphere, their capacities to meet their obligations in the private sphere are reduced. This private sphere has included voluntary associations of various kinds and charitable work.

110 Giner and Sarasa, 'Civic Altruism', 147.

111 Barber, 'Civic Forum'.

112 Nielsen, 'Reconceptualizing', 174.

113 Slavin, "Information Age", 607-610.

The issue of gender cannot be avoided in the analysis and discussion of civil society and the dynamic nature of the concept. The artificial and masculinist separation of the private and public spheres of life, which effectively renders much traditional work and activity of women invisible, appears even more ludicrous as changing social structures and economic constraints place women in the formal labour market and unavailable to do the social housework.¹¹⁴ The legacy of the high rate of female participation in civil society is one of social capital rich in trust, cooperation and reciprocity. Cox in particular uses a feminist mode of analysis to add to the partial view of Putnam, but is not overwhelmed by it.¹¹⁵

As neo-liberal policies and processes force responsibility for human services away from government and into the community, theorised as civil society, the variable of gender becomes more evident. Bryson is adamant that this will increase the workload of women:

In virtually all countries, service work, both paid and unpaid, is dominated by women. Women are nurses, infant teachers, child-care workers. They also perform roles which service the needs of men, not only as a wife, but also as a secretary, 'girl Friday' and hostess.¹¹⁶

Women's work as a reflection of work performed in the home is undervalued in the labour market because it is regarded as unskilled, while 'male

¹¹⁴ Gellner, *Conditions of Liberty*, 90.

¹¹⁵ Cox, *A Truly Civil Society*, 21-22.

definitions of skill prevail, with their emphasis on technology and management'.¹¹⁷

So caring work is defined as the province of women; there is an expectation that women will perform this work whether paid or not. As government winds back the funding for and direct provision of welfare and caring services, it is assumed that segments of civil society, particularly women, will fill the gap:

...as governments seek fiscal economies, more responsibility falls back on women both within the family and in the wider community.¹¹⁸

Many of the civil society theorists whose ideas are discussed in the preceding sections of this chapter identify civic obligation as a major motivation for participation in civil society. This can however be viewed as inconsistent with a market economy approach to service delivery increasingly adopted by non-profit organisations. Altruism, communal care and responsibility are also elements vital to societal well-being. Gellner discusses social change in household structure and expresses concern about a society that does not compensate for these variations through service provision primarily by the state but also by civil society quickly enough¹¹⁹. The theories reviewed in this chapter then demonstrate the inadequacy

116 Lois Bryson, *Welfare and the State*, (London: the Macmillan Press Ltd., 1992), 213.

117 Bryson, *Welfare and the State*, 201

118 Bryson, *Welfare and the State*, 213.

119 Gellner, *Conditions of Liberty*.

of current theory to deal with the rapidly changing nature of the relationship between the sectors of society. A further development is needed to encompass this range of relationships.

Is the intrusion of the state and the economy a problem in the Australian context as suggested by Rifkin in the case of the United States? Has modern post-European invasion Australia always been in the grip of an excessively interventionist state, that has smothered civil society? How will recent policy developments such as the adoption of lead agency strategies and 'work for the dole' programs impact on the unstructured voluntary and consensual arrangements assumed to exist in the community?

This leads us to consider how this co-responsibility will affect civil society. Clearly there is an implication of dramatic change in mode of operation: it is suggested that organisations in civil society have new roles of service delivery and political scrutiny of policy development and delivery. Is this consistent with accepted views of civil society? Are these activities contradictory?

Organisations typically assumed to be located within civil society have in many instances responded to the escalating demand for human services. This has required structural changes to modes of operation and management processes. Other strategies to promote market mechanisms in human services delivery have necessitated increased complexity and scale in these organisations. Competitive

tendering processes are costly and time-consuming, but often result in the cost reduction desired by government in the pursuit of neo-liberal goals and outcomes.

The issues arising from this role change throw into question fundamental concepts of the nature of society, and particularly civil society. Prior explanatory models of society are insufficient to explain or describe the polarisation of voluntary activity on the part of the individual and the sophisticated motives and operations of nongovernment organisations today. A range of stages of development is evident in the relationships between government agencies and nongovernment nonprofit human service organisations. Organisations are moving through stages of high dependence, definition by government, increased financial diversity with the final stage of autonomy and independence only achieved in some cases. The emergence of co-responsibility in service delivery has been quite rapid and while co-management is a possible outcome, it is debatable if this is the intention of either government or community organisations. The three pillars of society traditionally subscribed to are not adequate: government is shrinking within the polity, adopting a policy-making role rather than a service delivery one, the market continues to burgeon, but the civil society pillar is increasingly compelled to acquire roles and functions previously the province of the market or polity. Unstructured communitarian activity continues, but a great deal more formality and robustness is required for organisations in this area to fulfil their functions as integrated deliverers of government defined services in a generic

framework. Ephemeral voluntary associations are inadequate to meet the legal and financial requirements government-driven contractualism.

Several theories have been advanced to analyse and describe these changed circumstances. Streeck and Schmitter¹²⁰ outline a framework to explain these developments, and these ideas form the basis for the further work of Dekker¹²¹. Both these theories regard the divergent interests and contrasting forms that influence their modes of operations as inconsistent: a fourth pillar is proposed to accommodate both groups. These alternative models of society will be considered in greater depth in chapter eight. A theory of society that more accurately reflects the structure and relationships in evidence today will be identified.

Chapter two will examine in detail the divergent organisations currently believed to compose civil society. It will become clear that the characteristics of organisations engaged in complex relationships with government and other sectors distinguish them from simpler community-based organisations and individuals for whom growth and complexity are not factors.

120 Wolfgang Streeck and Philippe Schmitter, 'Community, Market, State- and Associations?' in *Private Interest Government: Beyond Market and State*, Wolfgang Streeck and Philippe Schmitter editors, (London: Sage Publications, 1985).

121 Paul Dekker, 'Nonprofit Sector, Civil Society and Volunteering: Some Evidence and Questions from the Netherlands and the Rest of Western Europe' in *Third Sector Review* (volume 4 no 2 1998 Special issue, 125-143).

Chapter two: A new pillar of society

Defining the new pillar

The traditional civil society sector embraces all organisations that are nongovernment and nonprofit, organised around a common interest or broadly defined shared values and a common purpose. These organisations vary enormously in topic area, size, sophistication, modes of operation and history. They range from religion-based charities to sporting clubs, from community development and support organisations to highly specific common-interest groups. The Australian and New Zealand Third Sector Research Limited¹²² organisation defines the third sector thus:

The Third Sector refers to all those organisations that are not-for-profit and non-government... The organisations of the third sector are value driven, not profit driven. They are not self-serving, but work toward a common larger

¹²² ANZTSR 'is an association of academics and practitioners committed to increasing research and dissemination of knowledge about the third sector'. (ANZTSR webpage: <http://arts.deakin.edu.au/anztsr/>, 3 April 2000).

purpose... Third Sector organisations are diverse. They include neighbourhood centres, sporting clubs, churches, charitable trusts, environmental groups, advocacy groups and professional associations.¹²³

These loose social groups have always existed as a component of society, but have not always been recognised or valued by theorists and researchers. Of course, definitional problems arise around the margins: are political lobby groups truly part of the third sector, or are they political? Many apparently community-based organisations have evolved to be indistinguishable from commercial bodies: should they still be considered part of the third sector? Do unincorporated informal mutual interest groups contribute significantly to the third sector? To avoid convoluted arguments of definition and detail, this study has selected organisation case studies that are securely located within the community sector: they are non-profit, non-government organisations that provide human services to an identified client group, or to society at large. It is necessary to discuss these definitional issues and clarify the margins, especially in terms of where the third sector meets other sectors: the polity and the market. An examination of community based organisations provides a framework for analysis. Once established such a framework allows comparisons to be made and contrasts drawn across a vast range of criteria and characteristics. Defining key characteristics of community-based organisations is central to such analysis.

¹²³ ANZTSR webpage: <http://arts.deakin.edu.au/anztsr/>, 3 April 2000.

Characteristics of organisations

Organisations have a range of defining characteristics which operate as variables. An examination of these variables gives considerable insight into the operation and relative success of these organisations in their particular fields of client service delivery. It is therefore necessary to describe in detail the range and nature of the variables that that can be used as tools of analysis.

The structure, composition and expectations of the management stream

The nature of the management influences the tone and style of every other aspect of the organisation. It determines the locus and dispersal of authority and has impact on financial and budgetary competence, an essential consideration. Supervision and organisation of employees hinges on the capacities and skills of the organisational management stream.¹²⁴ The level of functioning for boards and committees of organisations varies according to individual characteristics and attitudes, and are a reliable indicator of their sophistication and success.¹²⁵

Because these organisations are community-based and not required or able to make a profit, it is usual for them to have been managed by a board of unpaid volunteers, sometimes appointed through an electoral process. Some organisations have retained this less formal mode of management, in which the members of the incorporated body elect office bearers from the body of membership. This has the

¹²⁴ Mark Lyons, *Third Sector*, (Crows Nest: Allen and Unwin, 2001), 131-137.

¹²⁵ Charles Handy, *Understanding Voluntary Organisations*, (Harmondsworth: Pelican, 1988), 2-6, see also James A.F. Stoner, Roger R. Collins and Phillip W. Yetton, *Management in Australia*, (Parramatta: Prentice Hall, 1985), 12-18.

strength of providing popular leaders and authority figures, who are then able to fulfil management obligations with little resistance. Organisational costs are kept to a minimum. But it also has several significant disadvantages. As unpaid board members, these people are likely to have other paid work and aspects to their lives, such that they are not able, or inclined, to dedicate time and resources to the management of the organisation. This can result in the inappropriate delegation of authority and responsibility to already over-worked line-managers or program coordinators. Skills and attributes vary dramatically, from qualified and experienced professionals and trained experienced members, to those for whom board membership is a process of learning and empowerment, and who may bring very few skills to the meeting table. With a free election process there may be little chance of guaranteeing skilled candidates.¹²⁶ These skill levels will determine how much staff resources are expended ‘backfilling’ for the board on management and decision-making tasks, or providing briefings, advice and instruction for board members.¹²⁷

The number of paid staff and the complexity of their roles

Staff requirements are associated with the size and complexity of the program or programs offered.¹²⁸ This in turn is likely to be a function of the availability of funding. The number of staff employed is indicative of the organisation’s capacity for sophistication in its management and operations: it is

¹²⁶ Handy, *Voluntary Organisations*, 63-64.

¹²⁷ See James A.F. Stoner, Collins Yetton, *Management in Australia*, 630, for a discussion on the importance of training and skill development in organisations.

¹²⁸ Stoner, Collins and Yetton, *Management in Australia*, 632-633.

not possible to sustain a complex strategic management scheme with one or two part-time staff, whose time is fully committed to operational activity.¹²⁹

Although there are exceptions, the number of staff is indicative of organisational complexity. Organisations offering a limited range of activities funded from a single government agency source cannot be expected to achieve financial independence, and find themselves as providers of services defined by the funding agency.¹³⁰ There is little room for innovation or flexibility. These organisations typically have one to three paid members of staff engaged in a wide range of tasks at every level.¹³¹

Generally larger organisations with up to ten employees have greater flexibility and capacity. Although roles are defined, and are necessarily quite complex because no single person takes responsibility as a whole, authority is shared. Decisions are made and tasks allocated in a collective meeting. This is time consuming but it is argued that the decisions made take account of all points of view, and therefore enjoy greater support from staff and are likely to be more innovative and appropriate.

¹²⁹ Lyons, *Third Sector*, 152-154.

¹³⁰ Neil Paulsen, *Managing Strategic Challenges in the Third Sector*, (conference paper presented at the fifth National conference ANZTSR, 2-5 December, 2000), 7. Cited with permission of the author.

¹³¹ Handy, *Voluntary Organisations*, identifies the problem of overwork in nonprofit organisations, 7-8. The problem of overload in the organisational workplace is also addressed, 41-43.

The service orientation and size of the organisation are key factors in the structure and range of employee roles. The larger the number of employees, the greater the capacity to backfill and provide support from within the organisation. Larger organisations are likely to be found in both Texas and Tasmania, and usually have more than 50 employees, although there are exceptions. Employment may be short term and related to programs such organisations are delivering. Some employment contracts are limited to the duration of a particular program, so numbers of employees may have a seasonal component.

Organisational structure and levels of paid staff

Organisational structure is an important variable, and is a factor in determining the management culture in a given organisation. The number of levels in the organisational structure give an indication of hierarchy within the organisation. Larger organisations may be necessarily hierarchical, although it is obviously possible for smaller organisations to be similarly structured on a reduced scale.¹³² In such hierarchical arrangements, role definition ensures that staff have designated priorities and tasks. This enables delegation and division of labour, which is more likely to allow staff to dedicate time to such areas as management, coordination, promotion and executive work for the board or committee. Other organisations operating as collectives may not have defined levels, adopting a flat structure, while still retaining structural complexity.¹³³ This allows operational activities to proceed, while resources are quarantined for

¹³² Lyons, *Third Sector*, 16-17.

¹³³ Lyons, *Third Sector*, 128.

management work and non-operational activities. A traditional management structure cannot exist without levels of authority and distribution of workload and responsibility.¹³⁴ It also provides a strong indication of the capacity of the organisation to maintain a professional working relationship with board members, providing executive support, consultation and briefing information.¹³⁵

The number, utilisation and sophistication of volunteer activity

Non-profit non-government human service organisations have a range of resources available to them, one of which is the capacity of volunteers. If unpaid, board members may be regarded as volunteers in some instances: there is a view that unpaid board members give their time, provide resources of skill and knowledge, and are generally involved for reasons other than self-interest.¹³⁶

Volunteering is more likely to occur, according to Putnam, in societies that have ‘inherited a substantial stock of social capital in the form of norms of reciprocity and networks of civic engagement’.¹³⁷ How much this capital resource is utilised is an indication of the extent to which the organisation is embedded in the community, and the foresight of managers. An organisations needs to consider a range of issues:

- Should volunteers be trained?

¹³⁴ Max Weber, ‘Legal Authority in a Bureaucracy’ in *Markets, Hierarchies and Networks: the co-ordination of social life*, G. Thompson, J. Francis, R. Levacic and J. Mitchell (eds.), (London: Sage, 1991) 120-124.

Stoner, Collins and Yetton, *Management in Australia*, 288-291.

¹³⁶ Maureen Dollard, Louise Rogers, Sha Cordingley and Jacques Metzger, ‘Volunteer work: Managers’ conceptualisations of factors affecting volunteer quality of life’ in *Third Sector Review*, (volume 5, no 2, 1999), 5-23.

¹³⁷ Robert D. Putnam, *Making Democracy Work: Civic Traditions in Modern Italy*. (Princeton: Princeton University Press 1993), 167.

- Should volunteers do skilled work?
- Should volunteers have status and privileges comparable to paid workers?
- Is it reasonable to have the same expectations of reliability and responsibility of volunteers as with paid workers?

How these factors are addressed constitutes an important indicator of the success of the volunteer placement.¹³⁸ An organisation's system of volunteer management indicates their capacity to flexibly utilise a resource of considerable potential. Volunteers can reduce costs for the organisation in administration, program delivery, management and professional consultative areas.¹³⁹ The characteristics of the volunteer management strategy adopted or developed to meet organisational needs link directly with efficiencies and liabilities.

It should be noted that organisations operating within certain frameworks, such as socialist collectives or feminist collectives, may have explicit philosophical parameters that preclude using any unpaid or volunteer labour at all. This position is based on a Marxian definition of unpaid labour as exploitation by the owners of capital, and a conspiracy in the extraction of surplus value from the worker.¹⁴⁰ Whether this is an appropriate view for organisations located in this sector is debatable. Although the sector is notorious for its inadequate financial

¹³⁸ E. Gil Clary, Mark Snyder and Arthur A. Stukas, 'Volunteers' Motivations: Findings From a National Survey' in *Nonprofit and Voluntary Sector Quarterly*, (vol 25, no 4, December 1996, 485-505).

¹³⁹ Lyons, *Third Sector*, 150-151.

¹⁴⁰ Susan Himmelweit, 'Surplus value' in *A Dictionary of Marxist Thought*, Tom Bottomore (ed), (Oxford: Blackwell, 1983, 472-475).

resources and could not survive, or at least operate effectively, without philanthropic support and volunteer labour, Marxists would argue that the sector is based on the failures of the capitalist system. With the extraction of surplus value to swell the profits and increase the capital of the owners of the means of production, workers should be able to exchange their labour for sufficient resources to meet all their needs: charity should not be necessary. The concept of social capital and the notion that people should work for motives other than remuneration then is not consistent with a Marxist view of society.¹⁴¹

The level of volunteer activity is clearly an indicator of the capacities of organisations to fully utilise the potential of volunteers. As discussed in later chapters on Tasmania, volunteer recruitment although increasing, is comparatively low, particularly in the delivery of human services. In most cases volunteer skilled labour is not an integral part of the profile. There are of course some obvious exceptions, such as telephone counselling services and organisations that deliver meals. These volunteers perform generic tasks, so although there is a large number of them, their management and training is not complex because there is little differentiation in the tasks they perform. In the main, managers have low expectations of volunteers, do not assume them to be as committed and reliable as paid employees, and are unwilling to allow them the privileges and benefits accorded a paid employee, such as training and transport costs. As indicated above, unpaid volunteers may be inconsistent with the organisational philosophy

¹⁴¹ Simon Mohun, 'Labour process' in *A Dictionary of Marxist Thought*, Tom Bottomore (ed), (Oxford: Blackwell, 1983, 267-270).

of specific nonhierarchical organisations. It is considered exploitative rather than philanthropic to accept volunteer work. Other organisations often use unpaid workers, formalising their role and providing a degree of structural support. Differences in the level of volunteer work and its utilisation can be expected between the case study sites. The underlying political and social culture may be an influence. Organisations can make sophisticated use of unpaid workers of various types, including intern programs, practical placements from tertiary institutions, secondary school students seeking community service assignment and other civic minded individuals. Successful applicants are frequently provided with training, orientation, uniforms and other support materials. In return for their unpaid work, volunteers are able to enhance their resume. Such activities are highly regarded by prospective employers and tertiary program coordinators.

Operationalisation of strategic planning processes

Strategic planning in its initial stages is regarded widely as costly, time-consuming and exhausting. For some organisations the journey is considered by participants to be worthwhile. Others resist pressure to engage in the process.¹⁴² In several instances, sources of funding require organisations to develop strategic plans outlining their structure, processes, and anticipated areas and levels of activity, but this does not always ensure a standard is met. Where an organisation has adequately and comprehensively undertaken strategic planning, at an appropriate

¹⁴¹ Stoner, Collins and Yetton, *Management in Australia*, 140.

level, considerable benefits can be attained.¹⁴³ If a strategic plan functions as a living document, referred to frequently when seeking direction and preparing reports, such matters as program management, human resource management and budgeting cease to be irrelevant and problematic. An effective plan ensures organisational cohesion and awareness, and it enables the organisation to anticipate and respond effectively to the day-to-day rigours of organisational life.¹⁴⁴

The level and penetration of strategic planning methods in the management and operations of an organisation is an indication of their capacity to survive adversity and dramatic change, through thoughtful informed and insightful decision-making. The degree to which this is achieved through this avenue is dependent on the level of commitment to the process at all levels of the organisation. It should not be a 'top-down' process, but the undertaking to strategically plan must be endorsed by management and they must participate in it to be useful.¹⁴⁵

Predictably, smaller organisations (by definition having few staff and resources) are most likely to be involved in a narrow range of programs and may not have a functional strategic plan or the capacity to develop and maintain one. Similarly, other organisations although aware of their strategic plan and the benefits of its active use, may have difficulty meeting the demands of the strategic

¹⁴³ Stoner, Collins and Yetton, *Management in Australia*, 141.

¹⁴⁴ Stoner, Collins and Yetton, *Management in Australia*, 142.

planning process. More complex organisations dealing with defined program responsibilities, found in both Texas and Tasmania, could be expected to have active strategic plans that are pivotal to their operations. Organisations may find plans powerful, validating and with the potential to bind a diverse group of board members and staff to a clearly expressed goal and means of attaining it. Where there are the resources to do it properly, strategic planning is beneficial to these organisations.

Predominant funding sources

Nongovernment nonprofit human service organisations are funded in a range of ways. Many are partially or fully funded by government. Others adopt ‘user-pays’ methods, or obtain funds from donations, philanthropic activity or corporate sponsorship.

Government funding may flow from one or several sources. An organisation may be wholly funded by a single grant arising from a policy initiative.¹⁴⁵ Alternatively, funding may be through a range of program sources at federal and state levels. The organisation may have successfully tendered for a contract to provide a particular service. Increased opportunities for organisations to competitively tender are a relatively recent trend, as governments pursue modes

¹⁴⁵ Handy, *Voluntary Organisations*, 79-81.

¹⁴⁶ Lyons, *Third Sector*, 141.

of operation based on notions of 'small government' and efficiencies through market forces.¹⁴⁷

Organisations may derive some funding through recovering a contribution to costs from their client group, where this is appropriate. This rarely constitutes a significant proportion. Additional sources need to be identified if the organisation is to maintain financial liquidity. Nevertheless, there is a growing trend towards non-government non-profit organisations tendering for human service contracts generically. This means that more often organisations tender using a formula approach, perhaps seeking the advice of a reference group to extend their knowledge in a particular area. As a result clients may not necessarily be disadvantaged or in a low income group. Thus recovery of some costs may be possible.

Foundations established by philanthropists with particular interests provide funding for community-based activity, generally distributed on the basis of competitive application against selection criteria.¹⁴⁸ Success in this area is dependent on organisational affiliations, networking, and the target topic area of the funding provider. Alternatively, a foundation may decide to fund a particular

¹⁴⁷ For a detailed coverage of this phenomenon in Australia, see John Alford and Deidre O'Neill, *The Contract State*, (Melbourne: Centre for Applied Social Research, 1994), especially chapter 7, 'Reflections on the Contract State', by John Alford and Deidre O'Neill, 158-166. For coverage of this issue in the United States, see Steven Rathgeb Smith, 'Government and the Nonprofit Sector: Lessons from the United States' in *Third Sector Review*, (volume 4 no 2, 1998, 91-117).

¹⁴⁸ Charles Bonjean, *Philanthropy in the United States*, (ERS Foundation lecture revised September 1998), 6.

service provision or action research area, and therefore seek a competent provider through tender.¹⁴⁹

Because these organisations are by definition non-profitmaking, sources of adequate funding pose a perpetual problem. It takes considerable careful planning to position an organisation such that it is able to maintain secure funding on an ongoing basis. Sectoral poverty is frequent, with only very large or 'well-connected' organisations having sufficient flexibility to avoid shortfalls. In many cases this has been exacerbated by the trend to competitive program-based funding which does not allow for continuing administrative costs. When these are built into a tender, which is necessary in the case of smaller stand-alone organisations, the tender may consequently be uncompetitive.¹⁵⁰

The more diverse the sources of funding, the more secure and independent the organisation.¹⁵¹ Tasmanian nonprofit human service organisations in general are heavily dependent on state sector funding of various kinds. A single source makes them highly vulnerable. Where it is possible to gain funding through several government agencies, stability increases. Texan organisations may have government fee-for-service contracts, but these constitute a small proportion of

¹⁴⁹ Charles Bonjean, *Philanthropy in the United States*, (ERS Foundation lecture revised September 1998), 8.

¹⁵⁰ Neil Paulsen, *Managing Strategic Challenges in the Third Sector*, (conference paper presented at the fifth National conference ANZTSR, 2-5 December, 2000), 7-8. Cited with Permission of the author.

¹⁵¹ Mark Lyons, *Government/ NGO Relations in Australia's Social Services: the Destruction of a Partnership*. (paper presented to Asia and Pacific Regional Conference of ICSW, Jakarta, Indonesia, 2-6 September 1997), 13. See also Mark Lyons, *Third Sector*, (Crows Nest: Allen and Unwin, 2001), 141.

their total income in most cases. Other source include donations, philanthropy and profit-making commercial activities¹⁵² whose profits are ploughed back into the organisation's core business area.¹⁵³

The complexity, frequency and scale of budget activity

The issue of scale is a defining one for nongovernment nonprofit human service organisations. An organisation that has a range of income sources, offers a range of programs and is appropriately managed has the capacity to introduce efficiencies that allow for organisational savings and contingency planning.¹⁵⁴ Competent financial management and budgeting allows larger organisations to adapt for changing circumstances, and enables smaller organisations to reduce risk and operate within their means.¹⁵⁵

Larger organisations are more likely to employ professional accountants and business managers, to coordinate funding and resources across a range of programs and administrative areas. This is often a full-time occupation involving complex distribution formulae and mechanisms. Small single program organisations, or whose program target groups are diffuse, frequently adopt a

¹⁵² Lyons, *Third Sector*, 70, gives an indication of funding sources, although Lyons' category of 'other human service' organisations includes housing and excludes HACC and neighbourhood houses. Consequently the fit is not exact by any means.

¹⁵³ Michael Keating, 'North America's Independent Sector' in *Citizens Strengthening Global Civil Society*, Miguel Darcy de Oliveira and Rajesh Tandon co-ordinators. (Washington: McNaughton and Gunn. 1994), 82-84.

¹⁵⁴ Mark Lyons, *Government/ NGO Relations in Australia's Social Services: the Destruction of a Partnership*.(paper presented to Asia and Pacific Regional Conference of ICSW, Jakarta, Indonesia, 2-6 September 1997), 15.

¹⁵⁵ Lyons, *Third Sector*, 126-127.

system of an on-site part-time cashier.¹⁵⁶ Routine book-keeping and less complex financial management is undertaken by an unpaid volunteer treasurer on the board. Annual auditing, often a legal requirement and generally required to retain funding from either a government source or philanthropic body, is contracted out to an independent professional auditor.

It is clear that there is a critical level of funding that allows adequate staffing for management and strategic planning activities, for community development and promotion. Where funding is low and strictly program-based, there is little flexibility for such activities.

The organisation's client orientation and basis of program eligibility

Program eligibility may be determined in a range of ways, depending on the program in question. It may be based on ascribed characteristics, such as a self-evident disability, ethnicity, gender, or family structure (such as a sole parent). It may be a broad eligibility criterion, such as residence in a particular suburb, simply the desire on the part of the program consumer to be involved. These two types of eligibility are uncomplicated to establish and not resource-intensive. Identifying potential clients and screening out inappropriate ones is not a major concern. Other programs may be based on one or more complex criteria, requiring documentation from government departments or from the client. These may be

¹⁵⁶ Handy, *Voluntary Organisations*, 131. Lyons, *Third Sector*, 15, also comments on the issue of organisation size.

time-consuming processes requiring skill and a complex knowledge of the program and its context.

Associated with this task is the organisational view of the client. If there is a fee for service arrangement in place, it is more likely that the organisation will have a 'partial' view of the client, rather than a holistic one taking account of all aspects of their lives. This is also influenced by the mode of program delivery: it may be a defined service 'one size fits all' approach, or at the other extreme, a brokerage model in which service providing organisations have discretion to provide the service that meets the needs of the client, within funding limits. This is best understood in the context of a fundamental shift in approach at the government level. The traditional accountancy approach emphasising inputs for the production of desired outputs in empirical terms has recently been ameliorated by the adoption of outcomes as a performance measure. For contracted organisations this means greater flexibility to achieve desired goals.¹⁵⁷ This trend has been more evident at the state level in Tasmania than in Texas.

Organisations funded by government to provide a service or program require an administration to do this. The task may be quite complex requiring assessment against a set of eligibility criteria. This requires trained staff with appropriate skills and knowledge. The degree of targeting in programs offered varies enormously, for example, from craft programs in a community centre aimed

at any member of the local population, to employment subsidies for which jobseekers must be receiving unemployment benefit, and have been seeking work for a set duration. By and large, more simply structured organisations with a diffuse target group for their human service, may be aimed at a broad sector of the population. The more complex organisations with greater numbers of staff and resources may have the capacity to differentiate and apply complex eligibility guidelines in place for a range of different government-initiated programs they wish to deliver.¹⁵⁸

In simple organisations, programs offered are likely to be largely activity-based, targeting the community at large in the vicinity of the organisation site. There is no requirement to retain complex information about client characteristics. Single factor organisations provided a single program to a defined group for whom eligibility factors were clear. Collective organisations are often found in accommodation provision and youth service areas which target a clearly defined broad target group. This makes the determination of eligibility uncomplicated. Subsets of these groups are offered a range of programs to meet their needs. Organisations providing specialist services to people with disabilities or complex needs have a greater assessment workload. They may also refer clients to other service providers. So although only a single service is offered, the eligibility is

¹⁵⁷ Task Force on Management Improvement, *The Australian Public Service Reformed*, (Canberra: AGPS, 1993), 385-387, and 420-423. This report outlines the changed focus of the public sector to outcomes and client perceptions.

¹⁵⁸ As an example of the diversity of programs delivered, consider the government funded specialist services for people with disabilities, as opposed to a screen-printing program in a neighbourhood house. The disability program requires the collection of medical evidence and

likely to be complicated and stringent, and the service highly specific. For this reason organisations delivering these services require greater complexity and professionalism than others. The largest of the human service organisations deliver a large number of programs, some with complex eligibility rules, to a diverse range of clients. Generating funds can become an end in itself in these circumstances, providing the programs offered are broadly consistent with organisational mission and goals.¹⁵⁹ Such organisations may be engaged in a range of programs and activities, and may at times employ methods similar to private sector organisations. Increasingly nongovernment nonprofit human service organisations are competing on an equal footing with market organisations in Texas, and to a lesser degree in Tasmania. To deliver a large number of programs to a diverse range of clearly defined target groups, clearly an effective and thorough administrative approach is needed. This activity may run parallel to an apparently business-type operation if the organisation is seeking funding for programs insufficiently funded by government, or outside the scope of government.

Extent of organisational commitment to development and training of human resources

Organisations vary enormously in their awareness of and commitment to training and development, both in principle and as a budget item.¹⁶⁰ The benefits of low staff turnover are evident in many cases but may be concealed by sluggish

para- medical reports, where as the neighbourhood house eligibility is determined by attendance only.

¹⁵⁹ Lyons, *Third Sector*, 145-149.

¹⁶⁰ Dollard, Rogers, Cordingley and Metzger, 'Volunteer work', 19-20.

local labour market conditions. Where there is a high level of unemployment, many managers are more likely to take the step of increasing or diversifying skills in their workforce through recruitment rather than adopting their own training strategies. When the economy is healthy and there are low levels of unemployment, the sectoral employment market becomes more active. While there is often philosophical commitment to the need for ‘in-house’ training and development, again for expediency, recruitment was often the solution adopted to enhance organisational skills and knowledge.¹⁶¹ Staff training represents a considerable cost to non-government non-profit human service organisations, in terms of direct charges and costs for transport and expenses, and also loss of time in the workplace. Boards and managers in organisations have a range of perspectives on the value and utility of staff training and development. It is viewed by some as an expensive luxury that organisations in this sector can ill-afford. At the other extremity, it is regarded as an essential component of a successful and fulfilling working life.¹⁶²

A scientific management view¹⁶³ maintains that workers need only become familiar with the tasks they are required to undertake in their jobs. Any knowledge or understanding in excess of this is wasteful and unnecessary, and potentially detrimental to the achievement of the organisation’s goals. Workers who are not concentrating on the task at hand are less effective and not as

¹⁶¹ Bill Ryan, Marnie Bower and Megan Alessandrini, *The Community Sector Skills Development Program Final Evaluation Report*, (Hobart: CPMP University of Tasmania, 1999), 88-90.

¹⁶² Stoner, Collins and Yetton, *Management in Australia*, 27-30.

¹⁶³ Frederick W. Taylor, *Scientific Management*, (Harper and Rowe, 1947).

productive. Consequently, a management group with this view would be unwilling to commit resources for staff training and development beyond that which is practically necessary, such as rudimentary skill training, and legally required, as in the case of fire drills and first aid courses.

A functionalist view of staff training and development appreciates that particular skills are needed to perform well, and that these skills need to be maintained in order for efficient and effective operation to continue. Where organisational requirements indicate a need, staff may be considered for development opportunities. This training is intended to equip the staff member to meet an anticipated need within the organisation. A management group with a functionalist view of training and development would provide staff with sufficient skills and knowledge to perform their work to a high standard, and allow for training in related areas where it was expected that the organisation would be able to utilise them. Examples of this would include extension training in supervision and management for employees, or information acquisition about an anticipated new client group for operative employees.

A human relations view of training and development regards expenditure as essential and beneficial to the organisation. Like the functionalist view, training and development is intended to maintain skills and meet envisaged needs. But it is also a strategic tool. Opportunities for staff development build an organisational

culture of confidence and loyalty, and enable employees to develop expertise and influence in related areas.¹⁶⁴

It also equips the organisation to meet the demands of an operating environment in which the only certainty is change. This is an era of organismically structured organisations operating in an open system where external factors routinely have impact on strategies and activities.¹⁶⁵ Unforeseen policy changes and difficulties are more likely to become opportunities in organisations with personnel who are multi-skilled and have an insightful macro-level view of issues. This is achieved through sophisticated information and skill development systems within the organisation. It will also reduce staff turnover, another costly factor for managers with budget constraints.¹⁶⁶

The market orientation scale

Non-government non-profit human service organisations are typically idealised as uncompetitive and not oriented to the competitive market environment.¹⁶⁷ Financial considerations are frequently outside the skills and interests of those involved with organisation management, many of whom became involved for motivations more aligned with social capital than fiscal capital.

¹⁶⁴ For a discussion of the higher motivations of employees, see F. Herzberg, 'The Motivation-Hygiene Theory' in *Organisation Theory*, D.S. Pugh (ed), (Harmondsworth: Penguin, 1997), 369-386.

¹⁶⁵ T. Burns, 'Mechanistic and Organismic Structures' in *Organisation Theory*, D.S. Pugh (ed), (Harmondsworth: Penguin, 1997), 99-110.

¹⁶⁶ Stewart Clegg and David Dunkerly, *Organisation Class and Control*, (London: Routledge and Kegan Paul Ltd, 1980), 248-249. This is a comment on rapid change in organisations and the need for skill acquisition to keep pace with these changes.

¹⁶⁷ Lyons, *Third Sector*, 138-149.

Recent trends towards government cost-minimisation and greater competition for corporate sponsorship and philanthropic funds have resulted in a push towards privatisation, competitive tendering and contractualism. Community based organisations now have to consider these funding options in order to remain financially viable. How well equipped are these organisations? The scale of market orientation simplifies this assessment by defining the following categories:

- This category organisation does not obtain any funding through competitive tendering. Its program(s) is highly specific with a niche target who have an ascribed eligibility characteristic, such as ethnicity.
- These organisations provide a service product with a low level of complexity. The client eligibility is likewise broad and inclusive. There is however some need to compete for the clientele. Funding is not competitive. An example of this would be a community centre.
- Organisations in this category have a low level of opportunity to compete for funding. They provide more complex services to a defined client group with a high number of occupants. An example of this is a service and support organisation targeting people with a specific disability.
- These organisations have some opportunity to competitively tender for funds. They have a wide range of defined target groups, some arising from their own foundation services, others from successful tender applications.
- An organisation in this group is in many ways indistinguishable from a commercial operation. It is likely to be an active competitive tenderer. In general it is likely to have adopted a generic service model and tendering

process, and is adept in the use of such resources as reference groups to ensure the relevance and competitiveness of tenders. The following diagram illustrates this scale.

Figure 1: Market Orientation Scale

The Market Orientation Scale for Nongovernment Nonprofit Organisations

1	2	3	4	5
Non-competitive funding	Non-competitive funding range of programs	Minimal competitive funding	Some competitive tendering	Quasi commercial operation

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Synthesis of a framework

Nongovernment nonprofit human service organisations, when subjected to an assessment against these criteria, collect into a number of distinct groups. These are arranged roughly according to their increasing complexity and the extent to which they are operational similarity to corporations. It should be noted that while corporate techniques are co-opted, probably because they work quite well, the corporate ethic is generally absent. The degree to which the above characteristics are present and the grouping or category into which the organisations fit indicates the type of relationship present between the organisation and government. The categories form a detailed typology of non-profit

organisations, some of which fit comfortably in the traditional civil society sector, some of which do not. Six types of organisations have been identified in field work, exhibiting a range of distinctive characteristics. This typology is described in the following chapter, and is subsequently applied to case studied organisations in the example sites of Texas, USA and Tasmania, Australia in chapters five and six.

Chapter three: A typology of nonprofit human service organisations

The models developed in this typology of organisational structures are based on an overview of third sector organisations and their environment. These organisations range from comparatively simple structures to extremely complex and differentiated ones. This complexity has largely been the result of growth, maturity and response to external pressures. Each category has distinct characteristics as a result of the types of human services the organisations provide, their client group and their mode of operation. Complex mature and responsive organisations are more likely to be found in the entrepreneurial civic service sector, where market orientation is a necessary approach and diversity in funding type and services are an advantage.

Table 1: Human Service Organisations

Type	Management stream	Staff (no.)	Strategic planning orientation	Budget process	Dominant funding source(s)	Utilisation of volunteers	Client orientation/ program eligibility
Simple 1 Diffuse monolayered type	<ul style="list-style-type: none"> • Voluntary board • Low skill level • Delegated responsibility to coordinator • Elected 	1-3	<ul style="list-style-type: none"> • Adherence to service standards • Minimal medium to long term planning 	<ul style="list-style-type: none"> • Cashbook method • Line funding • No reserves 	<ul style="list-style-type: none"> • Single govt source 	<ul style="list-style-type: none"> • Ad hoc basis • Untrained • Can be numerous • Detailed records not kept • Skill levels varied 	<ul style="list-style-type: none"> • Activity based • Focus on community at large
Single factor 2 Low stratified homogenous type	<ul style="list-style-type: none"> • Voluntary board • Low skill level • Delegated responsibility to coordinator • Elected 	2-10	<ul style="list-style-type: none"> • Strat plan doc exists but is not used as a source doc or monitored against 	<ul style="list-style-type: none"> • Annual budget 	<ul style="list-style-type: none"> • Several govt sources 	<ul style="list-style-type: none"> • Ad hoc basis • Untrained • Can be numerous • Detailed records not kept • Some highly skilled 	<ul style="list-style-type: none"> • Defined but broad • Single program
Non hierarchical 3 Collective homogenous unstratified type	<ul style="list-style-type: none"> • Moderate skill level • Defined roles • Elected 	4-10	<ul style="list-style-type: none"> • Exists • High level of awareness low level of use 	<ul style="list-style-type: none"> • Annual budget 	<ul style="list-style-type: none"> • Several govt sources 	<ul style="list-style-type: none"> • Never used- not consistent with organisational philosophy 	<ul style="list-style-type: none"> • Defined broad group • Range of programs offered to subsets of this group
Semi professional defined client 4 Moderately stratified homogenous managerial style	<ul style="list-style-type: none"> • High skills • Defined roles • Complex board structure • Elected 	3-20	<ul style="list-style-type: none"> • Active doc frequently used 	<ul style="list-style-type: none"> • Annual budget 	<ul style="list-style-type: none"> • Govt sources 	<ul style="list-style-type: none"> • Infrequently used because of the professional nature of services and small scale of operation 	<ul style="list-style-type: none"> • Narrowly defined sets of client groups • Single program type
Complex managerial entrepreneurial 5 Stratified segmented multi program differentiated type	<ul style="list-style-type: none"> • Functioning professional board • Proportion appointed/ proportion elected 	50+	<ul style="list-style-type: none"> • Active doc • Frequently used to construct reports to the board 	<ul style="list-style-type: none"> • Complex financial management 	<ul style="list-style-type: none"> • Govt contracts • User pays • Private tenders • Donors and philanthropists 	<ul style="list-style-type: none"> • Often used • Sometimes given training 	<ul style="list-style-type: none"> • Large no. of programs • Range of clearly defined narrow target groups
Pseudo market entrepreneurial 6 Market orientated program-driven manager	<ul style="list-style-type: none"> • Professional appointments 	50+	<ul style="list-style-type: none"> • Active doc • Frequently used to construct reports to the board 	<ul style="list-style-type: none"> • Complex financial management 	<ul style="list-style-type: none"> • Entrepreneurial • Foundations/ philanthropists • Private donors • Govt contracts 	<ul style="list-style-type: none"> • Numerous formal relationships • Essential component of HR profile 	<ul style="list-style-type: none"> • Large no. of programs • Range of clearly defined narrow target groups

The Simple Diffuse Monolayered Type:

This category of organisation has a voluntary board with low levels of management proficiency and often similarly low levels who routinely delegate tasks and decisions to the organisation's paid manager or coordinator. This board is generally appointed by popular election conducted among members of the incorporated body. These committees or boards generally have 8 to 10 members and key roles of president (or chairperson), secretary and treasurer. Board members generally have skills derived from life experience. Few have progressed beyond completion of secondary education.

Such organisations have few permanent staff and consequently a flat structure. The one or two permanent staff have generic broad-based skills in such areas as management, clerical skills and child care co-ordination. Staff education levels are generally in the upper secondary category. The limitations in staff numbers have a severe impact on the capacity for flexibility in release for staff training and development, the acceptance of extended tasks and functions and fluctuations in workload.

These organisations generally provide a diverse range of services to a diffuse negotiable client group. Eligibility criteria for programs are minimal. There is a tendency to view the community at large as existing or potential clients,

in a client population, which can be extremely transitory. Because services are so wide ranging, clients will not necessarily have demographic characteristics in common, although they may be linked by geography, and hence socio-economic grouping. It is likely to be a diverse population, a representative sample of society at the local level.

In some cases an organisational plan exists, but there is no strategic approach or formal strategic plan. Service standards imposed by the funding agency are generally adhered to, in order to preserve funding. Planning and management is in the short term, or at most medium term. There is minimal medium or long term planning. Monthly meetings are usually the basis for operational plans and reporting mechanisms. Financial management is performed through the cashbook and there are no reserves. Consistent with funder requirements, an annual audit is conducted by an external accountant.

The dominant, and usually only source of funding support for organisations in this category is grant moneys from government, often renewed on an annual basis. This has several effects: it encourages the development of a sort of comfort zone in which ongoing funding is assumed and it entrenches a sectoral poverty that the organisations feel powerless to address. Consequently it causes an ambivalent relationship to develop between organisations and government, and it tends to inhibit the development of professionalism in the organisations because of a pre-occupation with ensuring survival, rather than enhancing the range and standard of

services and programs. This case of goal displacement imposes a high level of stress on board members as well.

This type of organisation has a market orientation scale rating of 2. Its funding is not obtained through competitive processes and additional funds are not sought through philanthropic activity or applications to foundations. Small amounts are raised through fund-raising activities such as raffles and fairs. Services are therefore generally offered at a comparatively low level to a generic population, with little qualification.

Single factor low stratified homogenous type:

Organisations in this category identify as service providers to clients with a single defining characteristic. There is generally a low to moderate level of organisational and program complexity, and a simple management structure. The management stream is generally characterised by a volunteer board whose members have a low or moderate skill level. These skills are frequently of a practical or technical type, or are derived from life experience rather than through formal skill acquisition. Staff numbers range from 2 to 10 and are hierarchically arranged with a manager or co-ordinator directing operations. Frequently part-time or casual workers are employed, particularly if the organisation offers a twenty-four hour service, or options outside the scope of normal operating hours.

A strategic plan often exists, and may be in the form of a detailed organisational plan. There is commitment to this in principle, but it is rarely used as a source document or monitored against. Aspects of the plan may be utilised in reports to the board, but it is unlikely that the plan will form an active component of organisational activity.

The annual budget is often professionally managed by an accountant or skilled treasurer and day to day records and payments are organised by the administrative staff. Some planning of financial affairs is done to ensure that the organisation remains within the inflexible projected budget.

Income sources for organisations in this category are generally limited to a single program source. The amount is determined by a fixed price contract proposed by the government funding agency, with little room for negotiation on aspects of the service provision or the level of funding. It is sometimes possible for additional funds to be derived from payment for the provision of outsourced training or development services to government groups or other agencies in the sector, but these amounts are minimal and do not alter the overall financial picture. Additionally, these opportunities are adhoc and cannot be regarded as reliable or ongoing.

Volunteers are used as a resource on occasions, but are not a necessary component of the structure. They are used in an unplanned way, and are not

trained or offered development opportunities. They are likely to be given routine tasks requiring minimal skills and may be engaged in large numbers for this. Detailed records are not kept regarding the amount or standard of work performed, or demographic information. There is little understanding of the motives and needs of this group, and minimal recognition of their potential. Consequently these organisations are ill-prepared to provide incentives for volunteers, and in any case are generally unwilling to do so. From time to time, highly skilled volunteers become involved and through their own initiative are appropriately utilised.

Clients of category 2 organisations are strictly defined, but the criteria are not complex and as a result there is often considerable diversity within the group. While occasionally some affiliated services, such as training, may be provided, there is generally a single program through which funding is acquired and from the government agency and services provided to clients. Determining program eligibility is therefore not a complex or time-consuming component of the workload. Most clients would self-select prior to contacting the organisation.

Non-hierarchical consultative type:

This collective type of organisation is unstratified and homogenous. It is limited by its consultative processes to a relatively small scale. The structure is flat and decision-making is achieved through consultation and consensus which can on occasions be time consuming and convoluted.

The management stream in these organisations, composed of all board members and workers, is generally moderately skilled and highly committed to the collective process. These are necessary characteristics because of the greater effort and energy needed to sustain a collective approach. Remoteness, detachment and lack of engagement with the real issues faced by workers are avoided through organisation-wide participation in management and decision-making. Roles and functions on the board are clearly defined in documents to ensure an equitable sharing of labour and responsibility. Board members are elected by a popular vote or co-opted by nomination. Steps are often taken to ensure representation on the board by particular ethnic, gender or other societal groups so that the interests of these groups are overtly expressed. It is believed that this is the only means by which these points of view can be guaranteed a voice in the management of the organisation.

Numbers of collective members may range from four to ten. Larger or more complex organisations are not possible because of the time-consuming consultation and decision-making processes. There is clearly an optimum level above which there will not be sufficient time or organisational space for collective processes to be fulfilled to the required standard. There is a strong emphasis on these processes, without which the best possible decisions and outcomes are believed not to be possible.

The strategic plan is generally sophisticated and thorough. It is well understood in all areas of the organisation. Awareness levels of the strategic plan are high but it is not routinely used for planning or reporting, or as a day to day guide to activity. The complexities of collective process and the achievement of adequate consultation and eventual consensus overwhelm any other frame of reference in these organisations. Nevertheless, the intensity required and the inevitable involvement and commitment that result are effective in keeping goals and objectives to the fore in consideration of issues. These higher level considerations are less likely to become obscured by the dilemmas of maintaining services at a day to day level.

The annual budget is monitored by the collective and functionally supported by administrative workers and a nominated responsible board member. Books and records are kept and an audit is performed annually in the usual way. These functions are a requirement of the funding agency in any case.

Funding, like the type two organisations, is generally through a single or dominant program source. Depending on the credibility enjoyed by the organisation in the field, additional income may be forthcoming from the delivery of training services or community education. Sometimes, an additional program source also provides supplementary funding for a related service for similar clients.

Volunteers are never used in collectively arranged organisations. It is inconsistent with the organisational philosophy, which maintains that all work should be paid at an appropriate market value. Unpaid work or volunteering is regarded as exploitative of the volunteer and the result of false consciousness. In addition, it is viewed as taking an opportunity for employment from a worker seeking waged labour. All activities are therefore budget items. An exception to this is the work of the unpaid management collective (or board) which operates on a volunteer basis. This is viewed as work that, in the context of this sector, would be unlikely to be paid under any circumstances and therefore not competing with waged labourers.

As with type two organisations, clients are members of a defined broad group with one major characteristic upon which eligibility for services is based. This group is often diverse in other respects: the client group is not socially homogenous. A range of additional services is offered to subsets within this group, as appropriate. Identification of eligible clients is generally based on one simple criterion or a set of readily identifiable criteria in cases where additional services are provided.

Semi-professional defined characteristic type:

These organisations have generally adopted a managerial style with adherence to the structural and process mechanisms this implies. They are usually quite small, but this is in most cases related to the highly specialised services they

provide and the finite demand for them, rather than any shortfall in their capacity to function on a larger scale.

These organisations have highly skilled boards who are elected to their positions. There is also capacity to co-opt members with particular expertise for particular peaks of skill demand on the board. Although a process of election takes place, possible board members are often lobbied and encouraged to become involved. This pragmatic approach is intended to ensure a steady board membership of interested and skilled individuals. Within the organisation managerial methods are applied, with rational-legal authority based in the manager and a hierarchy of variable depth beneath.

Staff numbers usually range from three to twenty, and on occasions more. Managerial arrangements allow greater flexibility to accommodate increased staff numbers when needed through restructuring.

The planning cycle is the framework around which these organisations function. All staff and board members are involved to some degree in planning processes. The strategic plan is highly regarded and is active in day to day operations. It forms the basis of board activities and deliberations, and is the template guiding the managers' decisions and subsequent reports. The plan is frequently referred to during the course of service delivery.

The annual budget is professionally managed, usually by a paid accountant or a board member with appropriate skills and qualifications. Administration of financial matters is conducted by an administrative officer who also maintains the records of transactions. The budget is a component of the planning cycle and comprehensively accounts for the derivation and destination of accounts. These organisations are funded by government agencies to provide a range of clearly defined programs to clients with similar characteristics. This can involve a large number of programs funded by numerous government agencies at different levels of government. From time to time, additional income is generated by education and development activities.

The services provided are highly skilled and professional. It is therefore regarded as inappropriate to utilise volunteers in operational capacities. Widespread managerialist approaches have meant that broadbanding and multi-skilling has been adopted so there is a minimal pool of menial and routinised tasks evident in these organisations. Volunteers are viewed as being labour-intensive in the training stages, and generally speaking these organisations are not prepared to devote the necessary resources for development. The small scale of these organisations also makes training of volunteers impractical.

Type four organisations have a narrow and clearly defined set of client groups. Establishment of eligibility is more complex than for other organisation types, often requiring documentation or other types of supporting evidence to gain

access to the professional services provided. A range of similar programs is then available for clients needing similar types of services.

Overall, these organisations are effectively managed, utilising managerial methods and approaches. This ensures comprehensive planning processes, adequate financial management and an efficient staffing structure. Contracted targeted services are thus delivered to the eligible client group by a focussed and professional team in an overtly managerial and efficient manner.

Complex managerial entrepreneurial type:

Organisations in this category are large, stratified and segmented. They deliver multiple programs, often using a generic means to organise program delivery. This simplifies tendering processes and contractual arrangements markedly and considerable cost savings are thus achieved. Such organisations are likely to have divisions and sections, aspects of bureaucratic process and a distinctive organisational culture. In these respects they have similarities with complex private sector and public sector organisations. There are divisions of labour by function as well as program and project based teams. These means enable the effective management and scrutiny of outputs and outcomes.

Performance is a component of some of the contracts with government agencies, but many of these are generic contracts with the intention of protecting government from liability rather than making specific outcome demands. This is particularly evident in state government contracts. Consequently standards of

performance are left to the organisation. In some cases however contracts may include a requirement for external evaluation by an independent evaluator.

Management is formal and ritualised. Some board members are elected, and some appointed by auspicing bodies, consistent with a constitutional requirement. The board is a functioning professional group operating at a directorial level, with private sector parallels. Within the organisation, there are likely to be several levels of management, ranging from line management to middle and upper management levels. These are hierarchically arranged and managerial in their approach.

These type five organisations have more than fifty staff, engaged in part time, full time and casual working arrangements. Because there are so many staff, there is a considerable personnel workload, and consequently a dedicated human resources functional area is necessary.

Strategic planning is complex and pervasive. At all management levels, it governs activities and reporting processes. It is a constant point of reference and is the basis of the relationship between paid managers and the board. All activities and proposals are subject to it and monitoring and review of planning processes, including program implementation and evaluation, are constant pre-occupations. The strategic plan and its associated rituals and processes are the means by which these organisations conduct their affairs.

Financial management is necessarily complex and thorough, given the scale of operations. Invariably there are numerous sites and a diverse range of services and programs, some of which are directly funded, some of which are developed to meet identified needs using surplus funds generated through efficiencies in other contracted service programs.

The major sources of funding are program-based government contracts. These are usually numerous and lucrative, and managed generically. The diversity of services, with the sheer volume of funds, serves to protect the organisation financially. If one tender is unsuccessful, a charge for administrative costs will have been included in another successful attempt, thus ensuring the survival of the organisation. To a lesser extent, organisations may be involved with the provision of 'user pays' services, with either the individual or a brokerage arrangement funding the provision. Private sector tenders are sometimes a source of income. There is also a minimal proportion of funding that emanates from donors and philanthropists. This category of funding, though small, is regarded as extremely important because it is not committed to any particular activity or program. It is available for research, lobbying, innovative program development or any other purpose proposed by management and approved by the board.

These organisations are sufficiently sophisticated to recruit, screen, train and benefit from the contributions of volunteers. They are often used and

frequently offered training. In some cases, depending on the particular program involved, training may be mandatory and selection processes formalised.

The programs delivered by these organisations are numerous, targeted and may be unrelated. Client eligibility is often complex and requires bureaucratic methods to administer. So assessing eligibility, and thus acting as gatekeeper for the funding government agency, is a major component of the contracted task of service delivery. In some instances, funding agencies define the service to be provided in detail, and set a fee for this; in other cases contract fulfilment is outcome driven. Type five organisations are likely to have a diverse range of potential clients, eligible for programs that might include employment services, domestic violence counselling, rent assistance, mental health activities, debt counselling and family re-union. Eligibility is narrowly defined to ensure accurate targeting of recipients, and each program has a different means of identification.

Overall these organisations are managed at a sophisticated level, and adhere to strategic planning processes. Their size makes permeation to all levels problematic, but it is usually achieved to some degree. Financial management is likewise complex because of the scale involved, and professional skills are required. Funding sources are numerous and diverse, but dominated by government agencies. There is greater utilisation of volunteers as a resource of skilled labour. Because the range of programs offered is diverse, the client base is

similarly diverse, and eligibility criteria and assessment may be multi-layered and time consuming.

Pseudo-market Entrepreneurial type:

These organisations are in many respects indistinguishable from private sector corporations. They exhibit a market orientation in a number of respects. The goods and services they create are expected to compete in an open market. They frequently tender in direct competition with private corporations for service delivery contracts, as well as with other similar organisations. These organisations often develop promotion strategies that encapsulate their identity as ‘charitable’ organisations, but at the same time seek to place them in the market place as the most desirable provider of a particular service.

Management is highly professional. Board members are appointed on the basis of skills and competence, and the profile the nominee enjoys in the community at large. The management stream within the organisation is generally highly motivated and focussed on the ‘bottom line’ espoused by private corporations. Their core values and motivations may differ, in that they are acutely aware of the social dividend and ethics that are expected from their organisations. This moral higher ground is exploited in marketing and public relations activities.

Staff numbers are high, but may tend to be seasonal or contracted for a limited duration. This is particularly likely if the employment is linked to a

specific goods and services contract within the private sector. As with type five organisations, organisational structures are inclined to complexity. Division of labour is often evident and teams often organise around the goals and functions of particular programs.

Strategic plans are assumed: they are widely used in the organisation of the relationship between the board and the management stream, and define the structure of reports and other documents. Elements of the planning cycle form the major events and tasks in the planning year. Planning processes are also a vehicle for proposing new or innovative projects. If there is sufficient support from colleagues, a demonstrated demand in society and the concept is consistent with the mission, goals and budget capacity, it may well be adopted. Every activity is measured against the strategic plan to decide if it is appropriate and desirable. Financial management is highly complex, with aspects of administration and staffing as well as program delivery costs in a diverse and differentiated organisation operating over a number of sites.

Funding is extremely diverse in its origins. Although government contracts are a part of the funding mix, they are not dominant and government agencies are not relied upon in this respect. Income is generated through entrepreneurial activity, such as innovative services and goods, and creative tendering for private sector contracts. Foundations and philanthropists are a major source of funds, particularly when a new or untested program is proposed.

Foundations in particular or unwilling to offer funds for ongoing services and programs, but encourage imagination, unique approaches and active research methods. These organisations also benefit greatly from the contributions of small donors, who *en masse* constitute a significant proportion of the funding pool. It is for this reason that image management is paramount: without broader society credibility and approval, funding sources would dramatically diminish. Through diversity of funding, both private, corporate, government and philanthropic, and the maintenance of good public relations, these organisations develop a sound and independent financial basis.

Volunteers are regarded as a valuable skilled resource, who are used in great numbers to supplement the paid workforce. Selection criteria are formalised and extensive training and development opportunities are provided in return for their work. They form an essential component of the human resource profile, and many programs depend on this labour to be viable: it is part of the strategic and operational planning cycle. This group also forms part of the image management team, promoting the organisations, community identity and involvement. As with board membership, if well-known, respected or high-status individuals volunteer to work for an organisation without pay, it provides a ringing endorsement for its management and services, and complements the image of the organisation.

Client orientation is extremely diverse. Involvement in programs is somewhat pragmatic, and there is an overt concern with survival. There are numerous client groups which are narrowly defined to fit target groups, and the identification

process can be complex. In addition, the organisation is likely to be involved with commercial activity to generate income for additional services and administrative costs. In these cases, client focus shifts to customers and consumers in mainstream markets.

Overall, these organisations operate like corporations. They have corporate-style boards, management teams motivated by profit and success, complex structures consisting of functional and program based teams. They are driven by strategic concerns reflected in strategic plans and budget documents, and are concerned to ensure their corporate image and reputation in the community is maintained. Sources of income are diverse, and this confers financial and operational independence. These organisations are free to make ethical and market decisions without prejudice, and without the real, implied or perceived threat of punitive funding or regulation as a result.

Application of the typology

To test this typology it is necessary at this point to apply it. To this end, two case study sites have been selected and extensive research conducted. Texas and Tasmania were chosen as diverse examples broadly located within western democratic political traditions. Their differences are marked, but they have also shared recent policy experiences. Both have been subject to recent policy initiatives based on neo-liberal ideology of smaller government and the implementation of market mechanisms to provide greater efficiencies. Chapter

four is an overview of the historical and social aspects of the two sites that have a bearing on the processes and activities of nongovernment nonprofit human service organisations. This analysis provides a context for the subsequent field work in chapters five and six. These organisations have been strongly influenced by policy developments in welfare and health services. As an intrinsic part of society, their structure and activities have formed a part of the history of both sites.

Chapter four: The case study sites: political history factors

The relationship between nongovernment nonprofit human service organisations has developed in a political and historical context. Inclusion of commentary on the policy backgrounds of Texas and Tasmania inform debate and enable a comprehensive understanding of the relationship that is the focus of this thesis to be developed. The commentary includes comparison of contemporary demographic factors, and an overview of relevant policy trends and issues in a historical context. This information provides a setting for the subsequent case studies of particular organisations in chapters five and six.

The first section of this case study is a description of relevant historical factors and public policy elements that have influenced nonprofit nongovernment organisations in both Texas and Tasmania. This broad view provides a basis and a frame of reference within which a comprehensive understanding of the case data is possible.

Tasmania and Texas differ dramatically in terms of size, wealth, population, political predisposition and history. From the outset, it was clear that

contrasts would be vivid in many respects, but points of comparison were also evident. As indicated in the introduction, the research conducted in Texas and Tasmania used a qualitative methodology and incorporated empirical data where appropriate. Organisations were selected for case study on the basis of an informed process at both research sites to ensure that a range of organisational types, sizes and approaches were studied. Seven organisations were selected in Tasmania and seven in Texas. The data also provides considerable insights into the structure of society. Examination of Texas and Tasmania make it clear that the existing models of the three pillars of society, with civil society, the polity and the market as components, are inadequate and misleading tools of analysis. The demographic and policy overview that follows supports this view.

Texas

With a population of 19,439,377 people, making it the second most populous state in the USA, and a land area of 261,914 square miles, Texas has considerable potential for economic growth.¹⁶⁸

The wealth of Texas is based on oil, and today it is also a centre for commerce, higher education and cattle farming. Following the phenomenon of Silicon Valley in California, the region of Silicon Hills developed in Texas, near the state capital of Austin. There is great personal wealth in Texas, but also poverty.¹⁶⁹ In the main, those in poverty are very likely to be members of a racial

¹⁶⁸ Legislative Budget Board, *Texas Fact Book*, (Austin: 1998)

¹⁶⁹ Legislative Budget Board, *Texas Fact Book*.

minority, such as African American, Mexican or Native American groups. These groups are not dominant in demographic terms. Hispanic people, the largest ethnic minority, constitute 27.6 percent of the population, African Americans 12.2 percent, Asians 2.5 percent and Native Americans 0.4 percent. Although white people are the vast majority of the population and hold positions of power in both politics and commerce, they are under represented as clients of nongovernment human service organisations.¹⁷⁰ The vast majority, 80.3 percent of the total state population, reside in urban areas in Texas. The unemployment rate in Texas is 5.5 percent. There is an official high school drop-out rate (the percentage of sixteen to nineteen year olds who have not completed high school and are not currently enrolled) of 12.5 percent. The percentage of the workforce who are union members is 6.5 percent. The portfolio area of health and human services comprises 29.9 percent of all funds expended by government.

In summary, the population is highly urbanised and predominantly white but with a significant minority of Hispanic people. The combined total of other ethnic minorities is less than 25 percent. Unemployment is running at low levels and extremely low rates of union membership at 6.5 percent. Private health insurance rates are high, although a mitigating circumstance in this is the extremely limited provision of public health services and the rigorous means testing for these. These demographic factors provide important drivers for nongovernment organisations.

¹⁷⁰ TXI 1: data from a confidential interview transcript with key informant identified by coded alpha-numeric (interview conducted in Austin, Texas at 1.30pm, 15 October 1998).

Tasmania

Tasmania has a population of 450,000 people and an area of 68,000 square kilometres. The Tasmanian economy is based on primary production, predominantly agriculture and fishing. Mining has been a major industry and Tasmania is still recoiling from reducing demand for mining products that have resulted in mine closures and significant job losses. Manufacturing has also been important in Tasmania but this is in decline following the winding back of protectionist policies previously in place to relieve the high costs of transporting goods from Tasmania to its markets.¹⁷¹ Tasmania is endeavouring to build a tourism industry, but the adjustment has not been easy. Tasmania can be viewed as having a very small economy that has been subject to considerable intervention by a top-heavy and extensive government.¹⁷²

While 10.8 percent of the Tasmanian population was born overseas, only 4.2 percent of these are from non-English speaking origins. The indigenous population, comparable with the Texan native American group, form 15.3 percent

¹⁷¹ For a comprehensive coverage of the Tasmanian political system, see M. Townsley, *The Government of Tasmania*, (St Lucia: University of Queensland Press, 1976).

¹⁷² Ralph Chapman, Graham Smith, James Warden and Bruce Davis, 'Tasmania' in *Australian State Politics*, Brian Galligan (ed), (Melbourne: Longman Cheshire, 1986), 116-138.

of the population of Tasmania. The state has a dispersed population, who consequently have more difficulty gaining access to human services and welfare support. In terms of the Australian average, Tasmanians are older, have a lower socio-economic status, have poorer health outcomes, and have higher needs for health and support services.¹⁷³ The decentralised population of Tasmania is rural in type, and consistent with other rural populations globally, has much poorer health than urban dwellers.¹⁷⁴ The health and human services portfolio comprises 29 percent of the state budget.

Overall, Tasmania has a dispersed and largely rural population, with a relatively small proportion of migrants. Private health insurance subscribers are comparatively few, but this can be explained in part by the comparatively universal nature of the federally funded health program.¹⁷⁵

¹⁷³ Tasmanian Department of Health and Human Services webpage: <http://www.dhhs.tas.gov.au>
12 April 2001

¹⁷⁴ Tasmanian Department of Health and Human Services webpage.

¹⁷⁵ Tasmanian Department of Health and Human Services webpage.

Demographic Overview

Table 2: Population and Social Indicators 1998

Tasmania		Texas	
Total population	474,000	Total population	19,439,377
Population by age %: 0-14	22.1%	Population by age% 0-17	28.5%
15-64	65%	18-64	61.3%
65+	12.9%	65+	10.2%
Indigenous people: % population	3.2%		0.4%
Born overseas and NESB	4.2%	Hispanic, Asian, African American (not necessarily born overseas)	42.3%
Urban dwellers %	41.3%		80.3%
Life expectancy: men	74.1 yrs	Men and women combined (if born between 1979 and 1981)	73.6 yrs
Women	80.0 yrs		
Adult obesity % of total: men	66.4%	Men and women	32.5%
Women	53.6%		
Proportion with private health insurance: %	37.1%		75.5%
Student teacher ratio	14.7:1		15.7:1
Unemployment rate	10.7%		5.5%
Rate of union membership (% of workers)	39.4%		6.5%

Adapted from Sources: *Texas Fact Book* (Austin:Legislative Budget Board, 1998), *Welcome to the Australian Bureau of Statistics* (webpage <http://www.abs.gov.au>)

Table 2 Population and Social Indicators is a representation of statistics from both case sites. Some of the data is not directly comparable, and this has been noted where this is the case. Nevertheless, the data does provide an indication of the demographic differences and similarities evident in the two locations.

Policy overview

Texas

The notion of small government is prevalent and there is widespread distrust of politicians and political processes. An indication of the minimal resources provided for government is the \$7,200 that legislators are paid on average annually. The legislature is convened infrequently for a short period. Most of the debate is conducted leading up to this period, and consequently lobbying is intense. Arguments and points of view are prepared as briefing documents for sitting members to peruse when they arrive in the state capital for the legislature session:

Once every two years for five months. We have a truly part-time legislature. There is almost distrust of government. The constitution was written in 1876 and at that time there was a real distrust of government in Texas because it was right after the Civil War and you had these yankee carpetbaggers... put in power and they weren't liked and rightfully so...The constitution was written in such a way that the governor- you know our governor is probably the weakest governor of any state- has very little authority. The legislature meets every two years for five months and there is frankly not much of a government presence here in Texas.¹⁷⁶

¹⁷⁶ TXG 1 data from a confidential interview with key government source identified by coded alpha-numeric.

This has arisen from a background of self sufficiency at an individual level. There is an expectation that social problems are solved at an individual, kin or local level. There is an expectation of community-based responses to social problems:

*Unlike Australia, the nonprofit sector preceded government in the USA- it developed first. Government was not fully established until 1930, and to an extent it is still seen as an aberration, particularly in parts of Texas.*¹⁷⁷

Although there has been a state constitution in place since 1876, a comprehensive legislative infrastructure is a comparatively recent development in the state of Texas. Powers and authority conceded to a governing body are viewed as autonomy lost to the individual. Texan history is as a frontier state, totally unregulated at the outset of recent history. There is still considerable resistance to what is viewed as government intrusion in areas of social policy and processes are currently in place to devolve the few human services delivered by government to other sectors:

*Currently there is a piecemeal dismantling of the public sector in progress, with the intention of putting the functions and activities back to nonprofit and for profit organisations.*¹⁷⁸

¹⁷⁷ TXI 1.

¹⁷⁸ TXI 1.

Services particularly targeted child welfare, the provision of inpatient services to the mentally ill and custodial services for people with intellectual disabilities:

Child welfare is likely to be the next privatised. There is a widely held view in the USA that the child protective service is now in crisis, verging on collapse. This service deals with complex problems ...[but] there is a very high turnover of staff and [as a result] a deprofessionalisation of the role.¹⁷⁹

The rollback of public sector activity in these matters is certain to proceed, despite some reservations about the standard of care that will result:

There is also a paradoxical position of public concern about interference by government and officials with family rights on the one hand, and scandals about incidents of child abuse and neglect that come to light, among cries of ‘who allowed this to happen?’ on the other.¹⁸⁰

The Sunset Commission, established in 1977, is an organ of government charged with scrutiny of government service providers and assessment of their efficiency and competence:

¹⁷⁹ TXI 1.

¹⁸⁰ TXI 1.

Sunset in Texas was set up during the fervour [sic] that swept many [US] states in the late 1970s to open up government agencies and have them re-examined every few years to see if they were still performing the functions for which they had been created... Eventually a total of 36 states passed broad sunset statutes.¹⁸¹

Every twelve years, agencies are subject to detailed scrutiny, following which they must successfully face a vote of affirmation in the state legislature. During the examination, issues are raised from any section of society in an effort to uncover any discrepancies in service delivery and process. The result is an effective and thorough going review:

...The sunset process gives ...enemies and critics open season to discuss any issues that normally could be bottled up in committees.¹⁸²

The sunset process of review puts agencies on notice that they must remain effective and efficient. Although a number of agencies were closed down without notice in the early vigorous years, it is now recognised that Sunset has more to contribute as an agency of review, recommending reform and rationalisation to ensure the highest standard of service delivery in the most efficient format. This

¹⁸¹ Dave McNeely, 'Is the Sun Setting on the Texas Sunset Law?' in *State Legislatures Journal*, (May 1994), 17.

¹⁸² McNeely, 'Is the Sun Setting on the Texas Sunset Law?', 17.

system of review has spearheaded the many of the devolution and privatisation initiatives currently in place in Texas.

It could be argued that sunset has become, in a reflexive way, a victim of the phenomenon it is seeking to eradicate in its subject government agencies. There is a sense in which Sunset itself has become fixated on its own survival, no longer closing agencies down, but recommending more palatable reform. This in turn justifies the retention of Sunset to conduct the next round of reviews. But some analysts value this shift in goal:

States that report success with sunset have adapted the process in several ways. They now...downplay the role of terminating agencies, use sunset to conduct program evaluation, and commit sufficient staff resources to conduct thorough reviews of agency operations. Sunset clearly for some states has provided a successful tool for reviewing the effectiveness and efficiency of state programs.¹⁸³

John Sharp, the Texas Comptroller, justifies Sunset on the basis of its function as an element of open democracy. He argues from the perspective of the need to protect people from excessive government:

¹⁸³ Nancy Rhyme, 'The Unintended Consequences of Sunset' in *State Legislatures Journal*, (May 1994), 19.

The spectre of death has made agencies more receptive to things like adding public members to regulatory boards, changing regulations and working for greater efficiency... The critical ingredient is the threat of death.¹⁸⁴

Overall, there is a pervasive and long held view in Texas that government should be small, that human service and welfare provision by the public sector should be minimal, and that government is not to be trusted. These views have been reinvigorated with the recent wave of federal neo-liberal reforms, and have been given practical expression in a number of ways. Social policy reform initiated in the state of Texas subsequently became the foundation of a model adopted by the Reagan and Clinton administrations to progress welfare reform.

In 1995 the Texas administration under the guidance of Governor George Bush Jnr. began a process of rolling back welfare funding, tightening eligibility guidelines and generally reversing the growth of what was viewed as a high level of dependence on the welfare dollar.

It is first necessary to understand the mechanisms Texas used to introduce these fairly strident reforms to welfare policy. Although the welfare reform agenda has been advanced recently, welfare provision in the United States has been comparatively conservative and highly targeted in type.

¹⁸⁴ John Sharp, quoted in McNeely, 'Is the Sun Setting on the Texas Sunset Law?' , 20.

The United States had managed its dispersal of federal welfare funds largely through a system of federally administered programs, underwritten by the United States government. This raft of programs, the Welfare Laws, to provide human services, was initiated to meet pressing needs after the Great Depression in 1935. A major budget item among these was Aid to Families with Dependant Children (AFDC) program. This assured all those entitled, who met the appropriate criteria, of cash assistance. While the program was federally funded, the selection criteria were determined by each state. As an entitlement program it provided security and assurance to eligible clients. At all times it was maintained that government-provided social support was undesirable, to be avoided whenever possible. This was for both reasons of individualism, but also because there was a widely held view that welfare was a threat to the capitalist system by intruding on areas more properly the realm of business and the market.

Furthermore, government and its indomitable bureaucracy were seen as damaging to democracy and good government. In 1995, Linowes expressed the view that '[g]overnment agencies responsible for serving the people have become muscle-bound, almost to the point of paralysis when it comes to considering more effective performance'.¹⁸⁵ This, he commented has been detrimental to creativity and productivity.¹⁸⁶ Nevertheless, despite these shortcomings, government

¹⁸⁵ Professor David Linowes (University of Illinois and Senior Policy Advisor to the Institute of Government and Public Affairs), *The Rationale for Privatization: We must break away from archaic concepts*, speech delivered to the Executive Officers Conference of the national Association of Boards of Pharmacy, Washington DC September 30, 1995, (copyright City News Publishing Company Inc 1995), 1.

¹⁸⁶ Linowes, *The Rationale for Privatization*, 1.

agencies have been effective in '[reaching] out beyond the realm of governance by injecting themselves into business operations, to the detriment of both government and business.'¹⁸⁷ These trends were considered inconsistent with the continuation of American society per se, and 'could not be allowed to continue if our free enterprise democratic society [was] to survive'.¹⁸⁸ To investigate this issue, President Reagan established the Commission on Privatisation with Professor Linowes at the helm, in the role of chairman. It should be noted that the title of the Commission made the tone of its findings something of a foregone conclusion: it was merely the degree that was in question. This commission comprised members from the Republican and Democrat parties, as well as independent members.¹⁸⁹ It was the findings of this Commission that formed the basis of much of the move to smaller government and market approaches in the provision of human services.¹⁹⁰ Privatisation became both a means and an end as the dominant paradigm of ideological emphasis on individual rights and responsibilities flowed through to the broader arena of the role of government.

The Chronicle of Philanthropy notes that there is a considerable challenge afoot to non-profit organisations as 'businesses expand their reach into non-profit service areas'.¹⁹¹ It might be expected that these organisations would view this threat as a signal that perhaps their service area is more efficiently and more appropriately delivered by the corporate sector, but this was not the case. The

¹⁸⁷ Linowes, *The Rationale for Privatization*, 1.

¹⁸⁸ Linowes, *The Rationale for Privatization*, 1.

¹⁸⁹ Linowes, *The Rationale for Privatization*, 1.

¹⁹⁰ Linowes, *The Rationale for Privatization*, 2-4.

organisations are identifying the impact of competition as an obstacle to be overcome. Business organisations operating for profit ‘often with the encouragement of government officials, are staking out territory’ in service areas previously dominated by non-profit organisations.¹⁹²

Nongovernment nonprofit organisations however have the advantage of generous tax concessions for charitable organisations. These concessions can make the difference between viability and failure. The taxation system in the United States through its section 501 c 3 provisions allows considerable generous tax relief for individual donors and corporate philanthropy.¹⁹³ Consequently, it is a major goal of non profit human service organisations to achieve status under this taxation law: it is in fact unlikely that any group would attempt to become established without this, as government funding is not extensive. Organisations are keen to maintain independence, both financially and in their management. This is not possible when there is too great a dependence on the state sector for survival.

¹⁹¹ *The Chronicle of Philanthropy*, (August 1998), 1.

¹⁹² *The Chronicle of Philanthropy*, (August 1998), 1.

¹⁹³ The 501 (c) (3) tax provision is benefits both the organisation and the donor. ‘An organisation may qualify for exemption from federal income tax if it is organised an operated exclusively for one or more of the following purposes: charitable, religious, educational, scientific, literary, testing for public safety, fostering international amateur sports competition..., the prevention of cruelty to children or animals. To qualify the organizations must be a corporation, community chest, or foundation. A trust fund or foundation will qualify. ...Qualifying organizations include: nonprofit old age homes, parent teacher associations, charitable hospitals or other charitable organizations, alumni associations, schools, chapters of the Red Cross or Salvation Army, boys’ clubs and churches’. Donors benefit from similar income tax relief: ‘Contributions to domestic organizations described in this chapter ...are deductible as charitable contributions on the donor’s federal income tax return’. (IRS publication 557, *Tax Exempt Status for your Organisation*, chapter 3).

So in Texas, the legislature meets very infrequently and has little real power.¹⁹⁴ Human services by and large are devolved and privatised whenever possible, because of the political culture prevailing, and to remain consistent with federal policy:

Privatisation in Texas I think falls into two areas. One is that there has been historically contractual relationships that have been there for a long time amongst services... Then more recently an effort to privatise- to essentially kind of change state and public provided services into contractual services. In 1995 through to 1997 there was a big effort underway to try and privatise all of the eligibility and enrolment for most state government human services and that's a different kind of thing- ...privatising that entire aspect of government function.¹⁹⁵

Texas has historically favoured this approach, so the revitalised enthusiasm for pushing social services out of government to the other sectors was welcomed.

A key informant noted:

there has been a very anti-government sentiment in the United States and a lot of conservative leadership is very

¹⁹⁴ Daniel Lazare explains 'Although the Lone Star State is often said to have a weak governor system, it has a weak legislature and a weak judiciary to boot. Because government is weak across the board, it's all but impossible to get anything done...' D.Lazare, 'Antigovernment Texas Style' in *The American Prospect*, (Nov 20, 2000, v11 i 24,17).

¹⁹⁵ TXI 2 data from a confidential interview with key informant identified by coded alpha-numeric.

*enamoured of free market solutions in general to just about anything.*¹⁹⁶

Although there is general acceptance of this policy, it has still meant dramatic change for individuals involved:

*Here there has been a huge privatisation of tens of thousands of state employees who essentially were laid off and then contracts for their services happen.*¹⁹⁷

Nongovernment nonprofit human service organisations have provided a wide range of services from the outset. Recent economic changes have brought these organisations into competition with private sector operators. The increase in outsourcing is viewed an opportunity by many, particularly with the competitive advantage available to them through taxation provisions.

Tasmania

Tasmania's recent European history, beginning two hundred years ago was as a penal colony, and aspects of this approach are still evident today in what some have called a decidedly Benthamite society.¹⁹⁸ An examination of the philosophical underpinnings of Australian society reveals some distinctive characteristics and gives rise to some debates. It becomes apparent that the goal of

¹⁹⁶ TXI 2.

¹⁹⁷ TXI 2.

¹⁹⁸ Hugh Collins, 'Political Ideology in Australia: the Distinctiveness of a Benthamite Society' in *Australia: the Daedalus Symposium*, (North Ryde: Angus and Robertson Publishers, 1985), 147-170.

a democratically organised polity and a free society was not a guiding principle in the founding of Australia and these topics were of only passing interest to the founding fathers subsequently at the time of federation. What then is the basis of Australian society, and why is this the case? Although apparently based on a British-style Westminster model of government, and incorporating elements of a federal system drawn from the United States, the Australian constitutional framework and political system is also influenced by the evolution of representative government in the 1880s. This indigenous tradition and limited civil society have been influential. Colebatch identifies four 'key elements of the Australian political tradition'.¹⁹⁹ These are: the commanding position of the state, in particular the 'political experience [as a focus] upon the impact of government in economic activity',²⁰⁰; allocation of resources as a function of institutional location, not through 'bureaucratic allocation' but 'as a reward or... sanction',²⁰¹; the phenomenon of a rhetorically powerful governor with 'few means of exerting it',²⁰²; and the notion of government 'as a producer of services', rather than 'the repository of traditional authority, [or] a defender of the liberties of the individual'.²⁰³ Government at the outset was interventionist in the economic arena, and demonstrated characteristics of a Benthamite society, although this is refuted by Colebatch.²⁰⁴ The provision of goods and services, the use of land

¹⁹⁹ H.K. Colebatch, 'Theory and the Analysis of Australian Politics' in *Australian Journal of Political Science*, (1992, vol 27, 3).

²⁰⁰ Colebatch, 'Australian Politics', 3.

²⁰¹ Colebatch, 'Australian Politics', 3.

²⁰² Colebatch, 'Australian Politics', 3.

²⁰³ Colebatch, 'Australian Politics', 4.

²⁰⁴ Colebatch, 'Australian Politics', 4.

grants as rewards and the acceptance by the populace of the authority of a governance that could not be supported are indicative of a compliant society.

Collins²⁰⁵ proposes what many have long suspected- that the foundations of Australian society do not lie in the traditions and assumptions of Locke's social contract,²⁰⁶ Berlin's idea of guaranteed rights and freedoms²⁰⁷ or J S Mill's democratic ethic²⁰⁸.

Contrary to conventional beliefs about democracies, they do not all share in a common quest to protect the rights of all citizens. Australia by contrast has a functionalist foundation to its traditions, that are vividly illustrated by the ideas of Jeremy Bentham, noted prison reformer.²⁰⁹ Bentham's analysis of public administration was utilitarian, legalistic and essentially positivist in nature.²¹⁰ If one assumes this is the basis of the Australian model, it is immediately evident that there are sharp contrasts with other western democracies, especially the United States of America.

²⁰⁵ Hugh Collins, 'Political Ideology in Australia: the Distinctiveness of a Benthamite Society' in *Australia: the Daedalus Symposium*, (North Ryde: Angus and Robertson Publishers, 1985), 147-170.

²⁰⁶ J. Locke, *An Essay Concerning Human Understanding in Four Books*, (London: E. Parker, 1731).

²⁰⁷ I. Berlin, *Two Concepts of Liberty*, (Oxford: Oxford University Press, 1958).

²⁰⁸ J.S. Mill, *Collected Works*, (Toronto: University of Toronto Press, 1965).

²⁰⁹ J. Bentham, *Works*, (Edinburgh: Tait, 1843).

²¹⁰ J. Bentham, *Works*, (Edinburgh: Tait, 1843). Also see Hugh Collins who gives a description of the meaning of a Benthamite society in 'Political Ideology in Australia: the Distinctiveness of a Benthamite Society', 148.

Australia began its public policy history with the establishment of the penal settlements to accommodate the overflow from the British prison system. One of these, Van Diemen's Land, would later become the island state of Tasmania. These five settlements functioned independently until it became clear that there were sound reasons for forming a system of federation and developing an identity as a nation. It is convenient and effective to divide periods of Australian history following the British occupation into five phases as Halligan and Power have done²¹¹. These phases provide a vivid description of emerging structures and mechanisms in Tasmanian public administration. It is however necessary to this analysis to include a further phase reflecting the dramatic impact of the most recent period of strident economic reform on the nature, type and extent of activities considered appropriate for government. Explanation of this historical framework is necessary to support the contention that the residue of previous historical phases is still evident today.

²¹¹ John Halligan and John Power, *Political Management in the 1990s*, (Oxford University Press, Melbourne 1992), 20-24.

Table 3 Tasmania’s Historical Phases

phase	duration	Features	Dominant public policy feature
I Colonial gubernatorial	1780s to 1850s	<ul style="list-style-type: none"> Externally controlled Web of departments and boards Low level of coordination 	Arrangements managed by a governor
II Responsible government and democratic patronage	1850s to 1880s	<ul style="list-style-type: none"> Period of rapid growth Mismatch between pluralist management system and poorly structured political system 	Granting of responsible government by external power
III Innovation and reform	1880s to 1910s	<ul style="list-style-type: none"> Increased sophistication in bureaucratic structure Development of modern Australian party system 	Period of conservatively driven reform especially in organisational arrangements
IV Consolidation and centralisation	1920s to 1960s	<ul style="list-style-type: none"> Increased adherence to Keynesian economics Period of increased bureaucratic function as a response to the inefficiencies of patronage Growing economic independence for the commonwealth as a result of high court rulings 	Period in which the commonwealth government entrenched its role of manager of the economy and welfare policy and bureaucracy entered a spiral of increasing complexity and range
V Ferment and revision	1970s to 1995	<ul style="list-style-type: none"> Growing suspicion of the benefits claimed by protectionist policies Shrivelling public sector 	Emergence of economic imperative of an open economic system
VI Contractualism and control	1995 to present	<ul style="list-style-type: none"> Commitment to market-like competition whenever possible Rolling back of welfare system and therefore extensive bureaucracy through doctrine of mutual obligation. 	Period of globalisation of economic and social factors, with consequent ideological globalism

(derived from Halligan and Power, 1992 with additions).

Phase I Colonial gubernatorial (1780s to 1850s)

During this period Australia functioned as a group of colonies, each with its own unsophisticated somewhat despotic administrative arrangements. British colonial administration tended to be paternalistic, and oriented to the task of smooth administration and organisational functioning.²¹² This era of paternal

²¹² John Halligan and John Power, *Political Management in the 1990s*, (Oxford University Press, Melbourne 1992), 20.

governance set the tone of the role of government in Australia and is still evident today. Minimal control was maintained through a web of departments and boards who coordinated their activities loosely. Although management and budget decisions were frequently based on patronage, the community was of such a small scale that distribution was comparatively widespread. Departments and boards operated as checks and balances and ensured dissatisfaction did not reach a level detrimental to function.²¹³

The 1840s saw an economic depression caused initially by several years of punishing drought. Agriculture as a basis of the economy became unstable; bank loan repayments fell due and mass sales of stock to meet these obligations saw prices plummet.²¹⁴ Transportation as a penalty was halted following the findings of the Molesworth committee of inquiry of 1838, which found it to be quite ineffective as a deterrent and socially counter-productive. This resulted in a labour shortage for squatters who had previously enjoyed access to a virtual slave labour force. These influential and economically powerful squatters blamed the government for their predicament: the cessation of transportation to New South Wales in 1840 not only meant they could not find labourers, it also meant real wages were required by those who agreed to do it. Several options were canvassed by the squatters, including the importation of African slave labour,

²¹³ Halligan and Power, *Political Management*, 20.

²¹⁴ Manning Clark, *A Short History of Australia*, (Balmain: Tudor Ltd., 1969), 102-103.

without success.²¹⁵ Attention now turned to re-establishment of transportation of convicts.

The squatters, although first and foremost victims of the natural disaster of drought, beyond the control of government, also identified labour shortages as a difficulty. To address this, they expected a government response to ensure a continuation of what amounted to a subsidised labour pool. This group believed themselves disadvantaged by a humanitarian policy change in Britain. There was a sentiment that government should allow the squatters to maintain their lifestyle and mode of operation, the squatters themselves were not responsible for their predicament, so government should provide redress.

Even at this early stage of European occupation it is clear that there was an expectation that government would be intrusive and a source of sustenance. The dominant function of the settlement was as a penal colony and this was an overriding factor in the administration of the day.

A British change of government meant that a plan to reduce the numbers of convicts transported to Van Diemen's Land did not eventuate. The squatters therefore were rescued from their difficulties by political means. In 1840 the annual arrivals of convicts in Van Diemen's Land was 1658; this increased dramatically between 1841 and 1846 to 3527. There was no parallel increase in officials or facilities, and as it was no longer permissible for convicts to provide

²¹⁵ Clark, *A Short History of Australia*, 109-112.

free labour, the colonial economy did not benefit either. Transportation was subsequently resumed in New South Wales. Although enthusiastically supported by squatters, the growing numbers of middle and working class colonists reviled the proposition of a pool of unpaid labour as morally dubious and incidentally damaging to their financial interests. On 1 October 1850, the Legislative Council of New South Wales resolved finally to accept no further convicts, a step that was flatly rejected by the oppressive British government.

Phase II Responsible Government and Democratic Patronage (1850s to 1880s)

The discovery of gold in this era drew the attention of the British government to its antipodean colony. In these years of rapid economic growth and development, there were several episodes of scandal and intrigue concerning the dispersal of government funds, and this led to a wave of reform. These steps to combat corruption were not wholly successful.²¹⁶

Government agencies and bodies embarked on infrastructure development projects involving expenditure and employment, but 'staffing practices were ... heavily affected by patronage and other political influences'.²¹⁷ The transportation debate attracted the attention of the British government to colonial affairs. The colonists were keen to escape the domination of Britain through self-government and responsible government based locally: there was considerable frustration with the need to refer every decision either minor or of great urgency to

²¹⁶ Clark, *A Short History of Australia*, 150-162.

²¹⁷ Halligan and Power, *Political Management*, 21.

the British colonial office for approval. The colonies were in a sense regarded merely as one 'department' of the British civil service among many others.

In 1850, an act passed through British parliament allowing for the establishment of legislative councils, to provide limited self government in the colonies. Two thirds of the members would be elected. It became clear at this point to those in the Colonial Office that a number of issues would soon become contentious: economic relations between colonies, the need for standard rail gauges, and taxation powers to name a few.²¹⁸

That these issues were accepted as likely to be the province of government is an indication of the level of dependence on government. There was some initiative for representative government in the new colonies, but the British government was reluctant to relinquish control. Australian initiatives were framed in terms of economic advantage and income generation, which when translated to resources and taxation income would eventually become persuasive for the British decision-makers. There is evidence that this era saw the development of community based charitable organisations that sought to redress the impact of industrialisation and capitalist modes of production.²¹⁹

²¹⁸ Clark, *A Short History of Australia*, 159-162.

²¹⁹ For example, the Hobart City mission was established in 1852 with the goal of addressing 'tremendous vice and poverty in Hobart' by reducing the numbers 'outside the ranks of the Christian church'. In other words, at this time its main goal was an evangelical one. Nevertheless, one of their first initiatives in 1856 was the establishment of a 'ragged school...for children whose habits or destitute conditions precluded them from attending other schools'. See <http://www.hcm.asn.au/> 16 May 2001.

Phase III Innovation and Reform (1880s to 1910s)

This era saw the establishment of the foundations of the modern Australian party system. There was clearly a growing sentiment of unity, exemplified by the building of compatible railway lines, in all states but Western Australia, which did not conform until 1917.²²⁰ Although this era saw the embedding of the reformist Australian Labor party, most ‘influential reformers [of the time] came from both the liberal and conservative wings of non-Labor politics’.²²¹ The development of scientific management approaches as well as a technocratic conviction were evident in many quarters.

Tasmania however began to embrace bureaucratic values and procedures which would prove influential in succeeding eras. As a subsequent mode to the pervasive paternalism and control of the British era, it maintained the intrusive and dependent role of government. This had the impact of perpetuating the position of government as ultimately responsible for the material well-being of all.

Phase IV consolidation and centralisation (1920s to 1960s)

Bureaucratisation of the public sector became entrenched during this period.²²² As labour unions gained strength and capacity, it became clear that public sector employees would benefit considerable from a system of rigid rules of

²²⁰ Clark, *A Short History of Australia*, 192-201.

²²¹ Halligan and Power, *Political Management*, 22.

²²² Michael Jones, *The Australian Welfare State: Evaluating Social Policy*, (St. Leonards: Allen and Unwin, 1996), 8.

recruitment and promotion that would ensure security and tenure.²²³ Following the Second World War, a raft of centrally driven welfare oriented policies was developed and implemented, though largely delivered by state governments.²²⁴ This Keynesian era was highly interventionist and active in both economic and social policy arenas.²²⁵ Uniformity was considered essential, and to this end administrators developed skills and behaviours consistent with the delivery of universal social programs with technical accuracy and proficiency.²²⁶ Again, the mode of policy delivery adopted was consistent with government intervention in a wide range of human activities. The perception that government had the resources and capacities to provide for all and was responsible for the well-being of the populace was maintained by Keynesian policy approaches.

Phase V: ferment and revision (1970s to 1995)

The development of strategic managerialism in the public sector in Australia did not of course occur without a context. Since the 1970s, it has become increasingly clear that economic and social systems are subject to global pressures and are influenced both advantageously and detrimentally by these.²²⁷

The capacity and appropriateness of the existing system of welfare provision was

²²³ Hugh V. Emy and Owen E. Hughes, *Australian Politics: Realities in Conflict*, (South Melbourne: Macmillan, 1988), 342-349: a description and critique of the bureaucratic public sector.

²²⁴ Halligan and Power, *Political Management*, 244-245.

²²⁵ Clark, *A Short History of Australia*, 252-262.

²²⁶ Halligan and Power, *Political Management*, 245-246.

²²⁷ Glyn Davis, 'Towards a Hollow State' in *Managerialism: the Great Debate*, Mark Considine and Martin Painter (eds), (Melbourne: Melbourne University Press, 1997, 208-223).

also questioned: 'the means-tested, flat-rate non-contributory targeted welfare system in Australia [was] different to that in any other western country.'²²⁸

The structuralist approach which had functioned reasonably well in times of economic prosperity for Australians began to show signs of faltering. In the 1980s, phenomena such as economic recession, unemployment at uncomfortable levels and the floating of the Australian dollar on the International currency market were evidence of this. The last of these has had and continues to have a dramatic impact on Australians.

A sweeping program of reform in the public sector saw the move from public administration to public management, which borrowed a great deal from private sector management.²²⁹ Considerable efficiencies were achieved and the reform process marched on. In 1995, National Competition Policy (NCP) was developed and implemented nationally. This reform was to have a dramatic impact on the processes of government service provision, ranging from the delivery of utilities to airline and telecommunication services, from employment programs to management expert consultancy: all were now subject to scrutiny to ensure they allowed for nongovernment players to enter the market of service provision. Implementation of this policy has also had a fundamental impact on nongovernment nonprofit human service organisations. Neo-liberal policies, of

²²⁸ Jones, *The Australian Welfare State*, 1.

²²⁹ John Wanna, Ciaran O'Faircheallaigh and Patrick Weller, *Public Sector Management in Australia*, (South Melbourne: Macmillan, 1992), especially chapter 7, 'Corporate Management', 77-91.

which arguably NCP was one, gained momentum, and in this framework it became clear that government could no longer afford the nurturing role it had in the past. Big government, with its comprehensive program of social support was too expensive. Other means of determining and limiting eligibility had to be found to meet the requirements of the neo-liberal bottom line.

Phase VI: Contractualism and control (1995 to the present)

The impact of a government focus on global economic factors continues to be felt in Australia, and given priority:

Parliament, researchers and the media remain obsessed with economic policy. Social policy remains a sideshow, an administrative activity which deals with the social casualties excluded from the more glamorous economic drama.²³⁰

This era has brought a requirement for thorough review and self-analysis for nongovernment nonprofit human service organisations who had previously been comparatively minor players in the delivery of government-initiated services. The advance of NCP has resulted in rapid change that has involved nonprofit and for-profit organisations. This required all government agencies to ensure that competitive measures were used to drive down the costs of service, and also where viable, to push the function of service delivery out of government hands, to either

²³⁰ Jones, *The Australian Welfare State*, 1.

the nonprofit or for-profit private sectors.²³¹ Competitive tendering processes have been introduced widely to rationally identify the most competent and effective mechanism of delivery. Limited contracts are then utilised to stipulate the service standard, the product details and the required output or outcome for the duration of the contract.

Some organisations have questioned their relevance in this new climate, some are still in denial regarding these changed circumstances, while some have embraced the challenge of restructuring their approach to service delivery and revised their processes and programs to meet the expectations of the government agencies to whom they are contracted.²³² The impact of the NCP in providing the rationale for outsourcing and contractualism in government has met with a range of responses and reactions from nongovernment nonprofit human service organisations. In particular, the cost efficiency aspect of the policy has proven challenging: in many instances these organisations are now facing funding shortfalls in the face of demand for services they have been contracted to provide. Some have adapted thoroughly; some have mediated previous practices.

²³¹ Wendy Earles, *Spaces for Empowered Places or Agents of Displacement? The Contribution of the Third Sector in the Increasing Displacement of the Human Services*, (conference paper delivered at the Third International Society for Third Sector Research, Universite de Geneve, Geneva, Switzerland, July 8-11, 1998) provides a coverage of this debate.

²³² Mark Lyons, *Nonprofit Sector or Civil Society: Are They Competing Paradigms?*, (Sydney: Centre for Australian Community Organisations and Management, UTS, working paper series no 35, November 1996).

The notion of small government has gained prominence in Australia only recently. In the 1980s public administration became subject to a comprehensive reform agenda. This was widely supported by the politicians of the day for a range of reasons. The reforms involved the adoption of private sector management techniques within the public sector. This included budgeting by program outcome, limited contracted tenure of senior executives, corporate planning consistent with centralised goals, and centralised control through scrutiny of performance against indicators and other monitoring and review mechanisms.

Successive Labor governments of the 1980s introduced waves of reform at the macro and micro levels, with the objective of preventing Australia's decline to a 'banana republic', economically crippled by outmoded industry protection tariffs and a pampered workforce. The idea of smaller government and limiting government activity and intervention to where it should properly be, gained momentum. Several government enterprises were sold and others corporatised. The remainder were increasingly subject to managerialism.

Each state took steps to implement the guidelines of the NCP. The Tasmanian state sector adopted a set of pseudo market mechanisms in a bid to encourage competition and thereby reduce costs and improve service standards. This included competitive tendering, outsourcing of core functions and the proposed sale of government-based enterprises.²³³

In Tasmania the organisations providing these human services reacted to this step by attempting to establish a mechanism that would enable dialogue between government and themselves: *Changing Relationships*.²³⁴ This was at best an uneasy covenant to which the state had little commitment. Lip-service was paid but little energy was expended. Nevertheless, National competition policy has remained an important element of governmental goals, attributable in no small part to the commonwealth funding that is attached to compliance with NCP. A recent report by the Tasmanian state government to the Commonwealth nevertheless makes it clear that the Tasmanian government will not entertain the wholesale adoption of NCP principles that are to the detriment to Tasmanians:

...The [Tasmanian] government considers that the ‘public benefit’ aspect of NCP is of fundamental importance to its application. That is, ...reforms should only be implemented if, on the whole, the benefits to the community of doing so outweigh the costs. However assessing the public benefit has proven to be a complex and difficult task for governments and independent review groups in some instances.²³⁵

²³³ Megan Alessandrini and Bill Ryan, *Changing Relationships: A Case Study in Reform of Government/Community Sector Relations*. (Paper presented at the ANZTSR conference, Melbourne, 17 June 1998).

²³⁴ Jane O’Day, *Changing Relationships Project Report or How Do We Work together?*, (Hobart: TasCOSS, June 1999).

²³⁵ *National Competition Policy Progress Report- Tasmania*, (2000).

The report describes how, in balance, the Tasmanian situation is a different one requiring special consideration:

Tasmania has distinct demographic and economic characteristics. It is distinguished as a regional economy compared the larger economies of the more urbanised mainland states...The Tasmanian government is committed to ensuring that Tasmania's requirements are fully recognised...²³⁶

So a federal government initiative to move towards smaller government structures has been at least in part resisted by the state government of Tasmania, who are unwilling to accept assurances that outsourcing, contractualism and a commitment to market mechanisms will eventually be for the good of all. In an additional initiative to develop greater self-sufficiency in community-based organisations, the Prime Minister announced a set of tax reforms intended to increase philanthropic activity on the part of individuals, families and corporations:

Mr Howard said it was expected to lead to about \$45 million a year in increased donations with a larger increase anticipated over time...Another \$15 million a year increase in donations was expected from the introduction of a category of private charitable funds to enable business,

²³⁶ *National Competition Policy Progress Report- Tasmania, (2000).*

families and individuals to set up trusts for philanthropic purposes.²³⁷

The Prime Minister hoped in making these provisions to spearhead a wave of social change, to encourage Australians to provide for themselves, rather than expecting government to meet their needs:

In a speech to the Centre for Corporate Public Affairs in Melbourne, Mr Howard said he wanted business to play its part in developing a greater philanthropic culture in Australia. In what he described as developing a 'social coalition' between government and business, he said the corporate sector was as fundamental to dynamic and prosperous communities as it was to employment and living standards.²³⁸

Conclusion

Texas is a physically large and populous state, with a highly urbanised population. There are extremes of wealth and poverty. Ethnicity is limited to two major groups, white Americans and Hispanics. Tasmania is physically much smaller and has a smaller population that is highly dispersed. Ethnicity is more varied, and there is a much larger proportion of indigenous people in Tasmania.

²³⁷ 'PM's \$51m Lure for donations', *The Mercury*, (March 27, 1999, 12).

Nevertheless the dominant group is Anglosaxon. Texas has a background of self sufficiency. There is a culture of suspicion of government, rather than a perception of politicians the elected representatives of the people. Tasmania on the other hand has a history of dominance by government, socially and economically. Tasmania's role as a penal colony for Britain in the nineteenth century resulted in the establishment of a system of public administration across all areas of human activity. The colonial governor and his staff wielded executive power. As Tasmania developed this approach became entrenched, although executive power subsequently transferred to elected representatives. This pattern was evident throughout Australia. Hancock, writing in the 1930s, stated that in his view:

The Australian democracy has come to look on the State as a vast public utility, whose duty it is to provide the greatest happiness for the greatest number.²³⁹

As a result of government carriage of a more or less universal welfare system, many nonprofit human service organisations in Australia have operated as virtual parts of the government delivering their services. They have enjoyed considerable financial patronage from the public sector: in fact they have depended on it for their very existence.

²³⁸ 'PM's \$51m Lure for donations'.

²³⁹ W.K. Hancock, *Australia*. (St Lucia: University of Queensland Press, 1961), 55.

Texas by contrast does not have a tradition of government social responsibility, favouring individual responses to misfortune. There is normative distrust of government and an unwillingness on the part of government to intrude into personal biographies or accept responsibility for overall well-being of the populace.

Both states have been subject to a wave of reform to reduce the level to which government funds and provides welfare and human services in general. In both cases, taxation incentives have been used by government to encourage society, outside the government sector, to participate in this. In the United States, such taxation measures have been in place for some time and are widely utilised by nongovernment nonprofit organisations to improve commercial advantage and also as a demonstration to donors and volunteers of their bona fides as a charitable and community service organisation. In Australia, these taxation amendments are yet to be fully realised and implemented.

The emphasis on nongovernment organisations to deliver social policy outcomes in both Texas and Tasmania reflects the significance of the political and historical context. Examination of the role of such organisations in these policy activities also reflects upon the nature of these organisations and how they relate to government. Extensive fieldwork has been conducted in Texas and Tasmania, involving detailed examinations of seven organisations in each site. This provides important empirical data on the role of nongovernment nonprofit human service

organisations in service delivery. These case studies are reported in detail in chapters five and six and provide comprehensive information about the nature and activities of nongovernment nonprofit human service organisations in the respective sites.

Chapters 5 and 6 have been omitted to protect the privacy of the organisations and individuals who participated in this research.

Chapter seven: Research findings and results

The data collected provides ample material for analysis and comparison. In chapter four, aspects of society and demography in the two sites are identified and now form the basis of an exploration and comparison of public policy relating to nongovernment nonprofit human service organisations in Texas and Tasmania. The detailed casework conducted in actual nongovernment nonprofit human service organisations is analysed further. Comparisons are made and conclusions drawn, both supported by the data gathered. Results reported in this chapter describe and analyse differences and similarities between the sites and organisations within these sites. Explanations for the similarities and contrasts in organisational structures, processes and circumstances are sought and developed on the basis of the evidence in chapters four, five and six.

This evidence provides strong support for the premise underpinning the argument of this thesis that the prevailing three-pillar models of society are no longer an accurate and comprehensive representation. This chapter provides

preliminary speculation about the shortcomings of the traditional three-pillar model, and suggests a means of re-organising and amending the model to be an accurate and powerful tool of analysis.

In particular, this chapter focuses on the contrasts that become evident from the application of the typology to the case studied organisations. The program activity of nongovernment nonprofit human service organisations is consuming. A comparison is undertaken of the evaluation method and rigour they adopt to assess the quality and quantity of this activity. The distribution of power is a critical factor in the relationship between organisations and the government in their respective locations. Lukes' three dimensions of power and Foucault's application of Bentham's ideas are used to analyse these power relations. It is clear from this analysis that government either directly or indirectly, overtly or covertly, exerts considerable power in these relationships.

An Interpretation of Organisational Characteristics

Organisational planning profiles vary considerably in Tasmania, but are more alike in Texas. Planning arrangements in Tasmania range from extremely short-term planning to extensive five-year planning strategies. This variation can be identified by the typology classification allocated. Type one organisations have minimal formal planning in place and there is some resistance to its introduction. Generally, plans are informal and may span from monthly meeting to the next. There is a view that little more is needed because they deliver a single program or

set of activities. Budgets may be developed on an annual basis, but these are relatively generic in form. Type two organisations have strategic plans that have taken a great deal of effort to develop. These plans however bear little relevance to day to day activities. The organisation's activities are rarely monitored against the goals and objectives. Consequently the plans developed remain irrelevant because no annual review or amendments are conducted.

Type three collective organisations were found to have strategic plans and to be aware of their purpose and strength. Nevertheless, the plans are not routinely used as a source document or as a framework for organisational activity and processes. Again, much effort went into the development of the plan. Budgets were detailed and rigorous, and well managed.

Type four, five and six organisations have detailed and often complex strategic plans. All levels of the organisation are to some degree involved in the strategic planning process, whether through consultation in the initial stages or contributing plans to meet specific goals and objectives within the plan. These plans formed an active and intrinsic part of day to day operations and of the formal processes. Where organisations were large with a number of divisions and program areas, and numerous staff, plans were used to frame the reports to the boards. They were also used as a resource in the development of tender documents and applications for funds from sources both within and outside government.

Whereas organisations in Tasmania with small budgets and single programs to deliver, and who have a single reliable though limited source of funding, are able to operate without strategy, this is not practical for organisations in Texas. Texan organisations are likely to have numerous sources of funding that may include government contracts, grants from foundations, philanthropic donations and 'fee for service' income. Co-ordination is therefore essential to ensure viability. It is not realistic to assume in these circumstances that organisational income will be adequate to meet organisational needs. More complex organisations in Tasmania face similar imperatives.

The structures of nongovernment nonprofit human service organisations are diverse. As would be expected, this is related to the size and complexity of the organisation. The smaller the organisation, the lower its ranking in the typology. Organisations in Texas are more likely to exhibit sophistication in structure. Most Texan organisations were classified five or higher. Tasmanian organisations were again found to be more diverse in structure, ranging from the simplest to the most complex. The link between typology position and structure means that type one organisations are small with a simple structure, often with a single paid staff member and simple management arrangements. The type six organisations are large and sophisticated. One Tasmanian organisation had a matrix structure that was highly effective but also complex and requiring skilled management to sustain.

Utilisation of volunteers contrasts clearly along state lines. In Texas organisations were more likely to use volunteers and to offer them training and accreditation. There was an expectation that volunteers would be skilled and knowledgeable. Their contribution was appreciated and regarded as a practical form of philanthropy. Examples of this approach were evident everywhere. It is expected that school students are involved with the wider community, developing a resume of volunteering and accreditation. University students are expected to volunteer and there are many avenues available to achieve this. At the University of Texas at Austin (the premier university in the state) -a campus of approximately fifty thousand students- it is estimated that two thirds are volunteers:

I would say approximately 60/70 % of all UT [the University of Texas at Austin] students participate in at least one or two service events while attending UT. As far as continuing volunteerism, we estimate 10,000/15,000 are involved in service that takes more than 10 hours per semester. Also, approximately 50% of the campus is involved in some type of student organization or activity, and about 70% of these organizations do service projects as a group. Here, individuals may not choose to serve, but rather do service as part of the group's activities.⁵⁴⁶

⁵⁴⁶ Transcript of information from contact with a key informant represented by alpha numeric TXI 4.

For university students at this campus, volunteering is an important component of their social and leisure activities. Most students also form voluntary associations through common interest groups on campus. It is likely then that a proportion of these educated and skilled students will go on to form these associations and perform volunteer work as part of their social and leisure lives after university. Areas of volunteer activity on campus include adolescent counselling, the arts, working with children, criminal justice, disabilities, domestic violence, the environment and animals, health care, HIV AIDS, hunger and homelessness, literacy, mental health and senior citizens. Philanthropy in the form of volunteer work is insufficient to cover the costs of program delivery: funding must be obtained to sustain these organisations.

Sources of funding are extremely diverse. Further, there is considerable range in the number of funding sources for specific organisations. Texan organisations tend to have multiple sources of funding, even if the organisations are quite small in other respects. In Tasmania, organisations with a single government funding source are quite numerous. These organisations are bound by service agreements with minimal performance criteria other than delivery of the program. Direct overt monitoring is infrequent but there is always a possibility that this will occur. The minimal level of funding ensures that little innovation is likely. Competitive tendering is frequently not realistic because there are no rival organisations to participate in the market, in these often isolated and economically depressed locations.

More complex Tasmanian organisations may have a number of government contracts, including service agreements and program delivery arrangements. This allows greater autonomy and there is some capacity for innovation. Furthermore, these organisations are more likely to have niche skills and attributes that they are able to use to generate additional income. Typically, this takes the form of training and skill enhancement sessions to upgrade capacity in government agencies and other organisations in the sector. Although this income is not reliable, it is nevertheless a windfall that creates some independence.

Type five organisations in Tasmania and the majority of organisations in Texas enjoy much greater freedom in their funding arrangements. Funding sources include government contracts, foundation grants, funds donated by individuals and fee for service income. In some cases, Texan organisations compete directly with private sector organisations for retail and service industry business, often with great success. This increase in funding diversity and scale is directly related to the level of autonomy and innovation. There is capacity for organisations to offer otherwise unfunded programs, removing the government monopoly on the welfare agenda. The expenses of lobbying and profile enhancement through marketing can also be met without resort to government funding. This of course avoids the possibility of accusations of misuse of government funds or charges of bias. Organisations in Texas were found to be

more likely to be financially independent with a comprehensive budget and financial management system.

Many Tasmanian organisations were involved with broadly aimed programs and were totally funded by a single government agency. Funding was minimal and this tended to reinforce sectoral poverty, restricting resources so that management was often skeletal. Growth through successful tendering for increased funding is difficult to achieve when resources are so limited.

Organisations in Texas often form strategic alliances to give them greater strength in the market place to attract both clients and philanthropic funding. These partnerships usually involve the emergence of a lead agency that bears a high administrative workload and is rewarded with greater kudos. Similar alliances are beginning to emerge between the more complex organisations in Tasmania, with the benefits of shared resources. It may also improve their prospects when tendering to government agencies for service delivery contracts. Organisations embarking on this course are type five or six. This is because a venture of this kind is a potentially expensive risk, the costs of which cannot be funded or absorbed by smaller organisations with fewer or no uncommitted funds.

Human services provided by these organisations vary enormously. In the Tasmanian case, stratification is evident in the levels of government funding that particular areas of service provision attract. Informants have commented:

There seems to be a pecking order of high profile and neglected services.⁵⁴⁷

and

Well I guess some areas like employment services and youth are sexy, and some like mental health support and drugs just aren't.⁵⁴⁸

The diverse range of services provided by Tasmanian organisations studied includes:

- Community development services and activities;
- Support and assistance for survivors of domestic violence;
- Assorted services for people with disabilities; and
- Employment services.

Organisations studied in Texas provided these services, and in addition:

- Therapy services;
- Transport support; and
- Brokered donor generation services.

The higher the numerical classification in the typology of organisations, the greater the complexity and the higher the number of services provided. Having

⁵⁴⁷ Confidential interview with a Tasmanian key informant represented with the alpha numeric TSI

1.

⁵⁴⁸ Confidential interview with a Tasmanian key informant represented with the alpha numeric TSI

2.

made the decision to tender for a particular program or service contract, types five and six organisations in both Texas and Tasmania utilise a generic tendering procedure, thus reducing costs in this otherwise labour-intensive process. They are likely to have a number of contracts in the same field, again allowing for lower costs. Most importantly, organisations are likely to be relatively uncritical of the programs they deliver for government. There is a view that they are simply delivering the service they have been paid to deliver to the standard they have been funded. This is related to the nature of their contracts, which stipulate service delivery standards and processes, and outputs, but often do not require particular outcomes. Exceptions to this are many of the employment support programs, which are firmly linked to outcome requirements. Some informants in organisations have expressed a preference for program funding with outcome criteria, and it is not difficult to understand this. Staff delivering the programs and clients alike are more likely to be motivated by a goal focus, than by stipulated process requirements.

Generally speaking, management in Texas was more likely to emulate corporate and private sector organisations, both in style and in the language used to describe roles and structures. In Texas, managers have such titles as ‘executive director’, ‘general manager’ and ‘chief executive officer’. Management tends to comprise high status roles responsible for every aspect of the organisation, however small or convoluted the structure. They are expected to have a public

profile and competently promote the interests of the organisation. Board members are often appointed by invitation and direct nomination. Very few organisations in Texas conduct popular elections from the membership for positions on the incorporated body. In general those in management roles are highly professional and sometimes recruited from the corporate sector. Board members are generally skilled managers professionally qualified: they come to the role philanthropically with the expectation that they will contribute their professional skills, knowledge and social contacts.

Some Tasmanian organisations are beginning to operate in a similar 'pseudo market' mode, but many are severely limited by their resources and competencies. Managers are appointed as co-ordinators and directors, and in many cases a proportion of the day-to-day responsibility for operations is directly in the hands of board members. These board members are generally drawn from the incorporated body membership and several organisations report that recruiting board members with both skills and commitment is a serious and chronic problem. Nevertheless in Tasmania board members are more likely to have the popular support of the organisation at large in their work. In general the skill level and profile of the management stream is not as high as could be expected in Texas. Although a detailed comparative survey of pay rates for managers in Tasmania and Texas was not conducted, clearly the option to offer attractive salary packages is minimal for Tasmanian organisations on rigidly defined funding.

Texas is currently undergoing a wave of welfare reform. This has involved an ad hoc dismantling of public sector structures with the intention of ‘putting the functions back to nonprofit and for-profit organisations’. The provision of social services is decentralised but the control of the economic system remains and becomes increasingly central. This is a familiar picture in the Tasmanian context as services are devolved from the state sector through processes of competitive tendering and contractualism. Because of the small scale, competition and market efficiencies are not always achieved, but the state retains control over funding levels and renewal. Organisations that cannot establish financial self-sufficiency and independence, as demonstrated in entrepreneurial civic service sector organisation types five and six, are likely to find survival increasingly difficult.

Attitudes towards development of staff and managers’ skills and capacities through training and education are contrasting between the case study sites. In Tasmania, training and development for human service organisations has a high priority. A comprehensive service, the **Community Sector Skills Development Program**, is provided by government and delivered as a contracted service by Productivity Plus Tasmania, a partnership organisation.⁵⁴⁹ In Texas, training and development are considered less important for the organisations, and is regarded as an individual professional responsibility.

⁵⁴⁹ Megan Alessandrini and Sue Ham, *Social Entrepreneurship as Innovation: Three scenarios involving non-corporate alliance*. Paper presented to the inaugural conference of the Social Entrepreneurs Network- Social Entrepreneurship: a Network for a Movement, Sydney, 15-16 February 2001.

In Tasmania there is widespread 'in principle' understanding and support for this activity. It is understood as an organisational responsibility. It is additionally viewed as a right of employees to expect adequate opportunities to be provided, and an obligation incumbent upon employees to ensure they maintain adequate skills to perform their work to a high standard.

Nevertheless, despite rhetorical commitment to training and development, take-up of training varies in direct relation to the organisation's position in the typology. Staff of type one and two organisations are often too absorbed with the running of the organisation to consider the difficulties of leaving the workplace to gain access to training. Often funding limitations prevents backfilling the absence. Obviously this is particularly problematic for small organisations with a single employee. Physical isolation is also a problem in the highly dispersed state of Tasmania.

Texan organisations behave more corporately in this respect. There is an expectation that employees will maintain their own skills. Where additional skills are needed, it is more likely that they will be headhunted or recruited. There are some indications that the availability of generic training in the sector is increasingly recognised as a gap in the system. Some resources and development services are provided within the sector but these are usually on a fee for service basis. An informant from one organisation that provides development services explained the services this way:

We do a lot of information and referral, which is people just call here and have questions and we answer them. We send them out little pieces of supporting material that gets them started. If we can't answer their question we try to at least give them one more call to send them on their way, get the information they need. Sometimes they're asking us for help that we can or can't supply, so if we can't again we give them one more place to go and if we can then we have a little processes here that we pretty much - it's pretty straight forward in terms of getting help. We'll do an interview, find out what they think they need and we think they need and then we'll always do some sort of little proposal and say you know 'in the best of all worlds we think this would really fix you' but we always try to segment it so they can pick and choose what things they can afford. We have a sliding scale fee. We do fee for service which is our major type of support and we do tailored consulting. We actually go on site and do whatever is needed in terms of that kind of consulting. We do training for the organisation if they need it or if we have workshops that we think would fit their need - those would be less expensive of course for an open seminar - so

*we may involve them just in stuff that we've got coming up
... Anyway that's our consulting service.*⁵⁵⁰

So this organisation provides a limited consultancy to organisations. It is a nonprofit organisation in its own right, benefiting from foundation funds to ensure survival. It also utilises the expertise of professional interns and highly skilled volunteers in the preparation of publications and curriculum material. Despite these resources it is still necessary for a fee to be levied for the organisation to remain viable. A range of generic training sessions dealing with board member skills, grant application writing, fundraising and volunteer management are conducted, and this is similar to the program offered at no charge in Tasmania:

*We do have regular training services and most of it is
Board development, ...volunteer management. Anything
that has to do with getting funding, grant writing - several
different grant writing seminars - fundraising seminars.
These are sort of our basic bread and butter that we just
do over and over and over.*⁵⁵¹

Nevertheless, there is a view that it is appropriate for the client organisations to pay for these services, as a matter of principle:

*And it's interesting because the smaller ones who probably
need the most help of course can avail themselves of the*

⁵⁵⁰ Transcript from a confidential interview with a key informant in Texas represented by alpha numeric TXI 3.

widest array of services because they're so low cost. ...

We say to smaller organisations 'If you really need the help your Board really has to understand that rather than just pick a couple of [training courses] that they need to get out and fund raise so that they can pay for services' and there are just many small non-profits I'm sure, [that] try to get everything donated, but there are just some things you need to purchase and so we say 'One of the things that the organisation probably needs to purchase is good technical assistance and good advice. So we'll help you and we'll show you how to raise the money to pay us, but we're not going to give it to you free'. So for the ones that are really truly interested in succeeding that really works. We have a lot of other folks that just say 'Well I don't think I can get my Board to do it' and away they go. We have an extraordinary number of non-profits in [this area] and on the record there are probably about 1,500 of them, but only maybe half of those are really truly functioning well running organisations. ⁵⁵²

There is a quite ruthless attitude to organisations that are not prepared or are unable to pay:

⁵⁵¹ TXI 3.

⁵⁵² TXI 3.

So there all these other little groups that - bless their hearts - are dead or dying. It's terrible to say, but that's the way I kind of look at it.⁵⁵³

Overall, the relationship between nongovernment nonprofit human service organisations and government is one in which power is to some degree a factor. This is evident in both Texas and Tasmania. This aspect is analysed in detail later in the chapter. It is important at this stage to consider the special case of Tasmanian collective organisations who use their unusual circumstances to create a barrier between themselves and government. There is an additional but less effective barrier apparent in the case of organisations are highly professionalised.

Collective organisations generally depend on one or several government agencies for funding, and rarely receive or accept donations. Their planning and budget activity is relatively rudimentary, and it would normally be expected that the organisation would have little autonomy. However because they have adopted a particular structure and management style, these organisations enjoy the benefits of apparent distance from government. Because these organisations exhibit a disciplined commitment and adherence to an ideologically based mode of operation, they have apparently earned the respect and trust of their government funders. The strict processes of consultation and decision-making are accepted by funding agencies. These organisations are accorded some leniency by their government paymasters with whom they have contracts. Organisations such as

⁵⁵³ TXI 3.

those classified within typology category four are also appear to enjoy special treatment from government agencies because of their professional standing and the unique skills they provide to human services clients.

Program Evaluation

The efficiency and effectiveness of a particular program in meeting its identified goals and objectives are essential elements of organisational characteristics. How an organisation decides to measure their performance is a vivid indication of its maturity and sophistication. Methods can range from collection of minimal client feedback, to the employment of independent evaluators or the introduction of complex and rigorous self-evaluation mechanisms. The type and extent of program evaluation undertaken by an organisation is an additional indicator of the capacity and sophistication of an organisation.

There is a vast range of evaluation theories, most of which are prescriptive. Caulley's classification is descriptive and critical.⁵⁵⁴ It has the implied purpose of facilitating understanding of the nature of organisations: evaluation capacity is regarded by Caulley as an indicator of organisational maturity and effectiveness. Organisational categories identified in Caulley's typology of evaluation are approximately consistent with the organisational forms identified in this thesis. It

⁵⁵⁴ D.N. Caulley, 'Overview of Approaches to Program Evaluation: the Five Generations' in *Pathways to Change in the 1990s- the Australian Public Sector* (Sydney: IIR Conferences, 1993, 124-133).

provides a detailed and insightful view of program delivery performance. The results of its application to organisations examined in the two case study sites reinforce the findings of this study.

Caulley's five generations of program evaluation in the public sector adapts well to give an insightful view of evaluation in non-government non-profit human service organisations.⁵⁵⁵ These generations tend to operate in parallel, rather than sequentially, although it is unusual for an evaluation subject to use aspects of all five generations at once. Caulley's generations were intended to be applied to the public sector of the 1990s; nevertheless a pared down version is insightful in an examination of the comprehensiveness of organisations outside the public sector.

The first generation **measurement approach** to evaluation is believed to be value-free, objective and immutable by organisations that use it. It is useful as a starting point for evaluation, but is unlikely to be value-free, and therefore all the more dangerous because of the assumption that it is. A value judgement will determine which data is collected and at what intervals, whether it is for example gender-blind or overlooks a critical influential demographic characteristic or data field. This type of evaluation is likely to provide an interesting basis for further research, but is not adequate in itself as an evaluation strategy.

⁵⁵⁵ D.N. Caulley, 'Overview of Approaches to Program Evaluation: the Five Generations'.

This type of evaluation is evident in the simple organisations of category one. These organisations did not regard evaluation as necessary; nor did they believe they conducted it. Only the most rudimentary count of the number of clients or contacts was taken. There was no attempt to measure the quality or duration of the contact.

The second generation evaluation **objectives approach** compares the achievements of the group with the previously-stated objectives. It should be noted that these objectives reflect the values of the program developer. The evaluation involves the assessment of the extent of match between objectives or goals and outcomes or outputs. This is made on the basis of the evaluator's value judgements. This style of evaluation emphasises results rather than processes through which results are achieved.

This type of evaluation is possible when an organisational plan is in place. The same rudimentary counting takes place, but this is enhanced by consideration of the underlying purpose of the organisation or activity under scrutiny. Typology category two and three organisations attempted this type of evaluation. Ongoing performance indicators during the planning year were likely to be of the measurement approach type. These were reinterpreted and combined with qualitative assessment and opinion of the service deliverers. This activity was often combined with the task of revising and reviewing the strategic plan, so may not have been recognised as an evaluation activity per se.

The third generation of evaluation is a diverse group which Caulley explains through their historical placement:

What the third generation approaches do have in common is that the majority of them arose at the birth of program evaluation in the middle 60s, when the US Congress first put aside money for the evaluation of educational and welfare programs under the burst of spending that was to produce Lyndon Johnson's Great Society. There was a concern that a huge amount of money was being spent on the 'War on Poverty' without any check that it was being effective.⁵⁵⁶

The evaluation techniques occupying the third generation all involve informed judgement and emphasise the interests of one group above other stakeholders, and this is usually the decision-maker.

The **systems-management approach** emphasises efficiency and effectiveness, and uses performance indicators to identify the level of success in achieving results. There is little consideration of process at this point, but it is assumed that a manager seeking to improve performance will look to process adjustments to achieve this. The **decision-making approach** requires the collection of useful information to allow decision-makers to make the best possible decision. Although similar to the systems-management approach, 'the

decision-making approach does not specify that the criteria for judging a program shall be efficiency and effectiveness'.⁵⁵⁷ Although claiming to be comparatively value-free, these approaches are both influenced by values: the choice of options developed for the decision-maker, and in the choice of criteria provided to assess levels of efficiency and effectiveness. Furthermore, Caulley points out that system-management approaches in assessing these levels may ignore crucial areas 'such as a program's contribution to employment, equity, social justice, gender issues and so on. Thus system-management evaluation is myopic in terms of the criteria it uses to evaluate programs'.⁵⁵⁸

The **experimental approach** is quasi-scientific and based on experimental techniques in botany and agriculture. It endeavours to identify program impacts that are causally connected. This approach is sound in life sciences, but it is difficult in the human dimension to eradicate all other influencing factors to produce a 'pure' scientific environment. Consequently, like the measurement approach, this evaluation is likely to contribute to an understanding of program impact but is unlikely to provide definitive answers.

The **needs approach** to program evaluation focuses on satisfaction of the clients' needs. It is valuable in the planning of a program and in meeting objectives of client satisfaction. Again it is likely to be a component of a comprehensive evaluation scheme. In a public service context, it has been

⁵⁵⁶ D.N. Caulley, 'Overview of Approaches to Program Evaluation: the Five Generations', 128.

⁵⁵⁷ D.N. Caulley, 'Overview of Approaches to Program Evaluation: the Five Generations', 129.

proposed that this type of evaluation takes the place of exposure to market forces. Difficulties can arise in distinguishing between client needs and client wants, both of which are heavily reliant on the evaluators' values. Nevertheless, client satisfaction and meeting of defined needs is a fundamental goal of all programs. This is therefore an essential element.

In the Tasmanian case, the systems management approach to evaluation was not embraced by human service organisations. Efficiency and effectiveness were of course concerns, but clients and other stakeholders were considered to be much more important elements. In all but the most sophisticated organisations, efficiency and effectiveness were considered to be the province of funding agencies. In the highly politically charged environment of human service organisations in Tasmania, this was probably a quite realistic view.

The needs approach was consistent with Tasmanian human service organisations. There was a clear focus on the expressed needs of clients and stakeholders as valid criteria for evaluation. As with public sector organisations, this type of evaluation can be viewed as a substitute for exposure to market forces. It was however influenced by the norms and values of the evaluator who chooses criteria to be evaluated.

Because of the pseudo-market in existence and the frequent need to compete with private sector organisations for funding and market share, the

⁵⁵⁸ D.N. Caulley, 'Overview of Approaches to Program Evaluation: the Five Generations'.

efficiency and effectiveness focus of the systems management approach was more often applied in Texan human service organisations. Public sector agencies are measured through the instrument of performance budgets managed by the Legislative Budget Board:

Polls emphasize the public's dissatisfaction with what government produces. Voters no longer believe that lawmakers can effectively manage the state's purse... Agencies must now prove that what they are spending is worth it... Using a performance approach lawmakers first ask about results.⁵⁵⁹

Nongovernment nonprofit human service organisations in Texas are also subject to this rigour, as providers of government services. This method is not a subtle one and in the Texas case is driven largely by considerations of cost and value for the budget dollar.⁵⁶⁰

The decision making approach with its highly unrepresentative audience is not used in human service organisations. Likewise, the experimental approach is not an effective evaluation approach for this area of activity in isolation. It has some application in mapping causal links between outcomes and strategies, and is therefore used by category four, five, and six organisations with other approaches.

⁵⁵⁹ Karen Carter, 'Performance Budgets: Here by Popular Demand' in *State Legislatures*, (Dec 1994, vol 20, no 12, 22-23), 22.

⁵⁶⁰ Carter, 'Performance Budgets', 22-23.

The fourth generation of evaluation emphasises a trend towards more democratic methods of evaluation. The **democratic approach** involves consideration of the views of all stakeholders, allowing for a pluralist approach in which power is apparently shared as evenly as possible. While some quantitative data will be produced from this consultative method of evaluation, generally speaking this style of evaluation is qualitative. A public inquiry is generally limited to government programs and activities, and is adopted as a means of either provoking or defusing a crisis. It is intended to either marginalise an issue or spearhead a reform process. It is therefore not usually applicable in the non-government non-profit field in its pure form, but a variation on this theme forms the foundation of many nonprofit human service evaluations.

The **utilisation approach** has an implied intent of ensuring that the evaluation is powerful and results in change. This is achieved through the targeting of those affected by the program who are decision-makers. Although not democratic in method, the intent of this approach is to make program variations that will benefit all concerned.

The model frequently adopted by type four and five organisations in Tasmania was broadly democratic, highly consultative and client focussed. It was generally conducted by an independent evaluator and was funded by the government agency responsible for the program or project to whom the evaluator

reports. It was highly consultative and as such can be regarded as democratic. Most of the activity produced qualitative and empirical data, and this was valuable in making clear the meaning of numerical data collected through the measurement approach. Aspects of the utilisation approach were also evident in the practice of canvassing all stakeholders and peak body representatives. It avoided the shortcomings identified in the needs approach by providing for selection of evaluation criteria through consultation with relevant groups.

The fifth generation **self-evaluation approach** requires a high level of organisational sophistication. Staff and managers are required to critically and honestly reflect on the organisation's practice, goals, problems needs and values. In the short term, this enables the identification and addressing of organisational problems by the individuals that make up the organisation. In the longer term, it will strengthen the organisation through benefits to organisational learning, enhancement of the organisational culture and improved loyalty and staff retention through empowerment and connection within the organisation. This level of maturity and sophistication was not evident in organisations studied in either Texas or Tasmania, although a modified version of fifth generation evaluation was observed in Texas.

The majority of organisations in Texas, predominantly typology categories five and six, were comparatively limited in their evaluation. Many used a

measurement approach augmented with a systems approach. Because of the rigours of the market there was little capacity to fund independent evaluation processes. Some of the most mature organisations had taken the step of adopting aspects of fifth generation self evaluation method for pragmatic reasons. Such organisations had the capacity to accommodate processes of this type internally, and if necessary to isolate the section of the organisation engaged in the evaluation task to provide rigour. Like staff training and development, and strategic planning, program evaluation can be resource intensive, and it is often a victim of financial constraints in these organisations. Nevertheless, a built-in evaluation strategy is frequently a contractual requirement of a competitive tender, and is frequently need to comply with an organisational strategic plan.

Overall it is clear that the activity of evaluation is an indicator of the sophistication and maturity of an organisation, and is in turn linked with an organisation's location in the typology of organisations. But geographical location is also an important variable because of the degree of free market activity and funding complexity this implies.

Throughout this analysis an underlying feature has been the nature and extent of the relationship between nongovernment nonprofit human service organisations and government. For many organisations this relationship is defining and profound, and for the majority the relationship is a strong influence

on structure and behaviour. The following section links aspects of the relationship and analyses them from several theoretical frameworks of power and influence.

Human Service Organisations and Government: an Exploration of Power

Lukes' theory of power is the most useful approach in the Texan context. It is also illuminating when applied to developments in Tasmania.⁵⁶¹ A discussion of Bentham in chapter four provided a fruitful analytical tool to examine the impact of historical factors in Tasmania. Further reference is made here to Bentham and Foucault to explore the nature of the power and discipline operating between human service organisations and government.⁵⁶² Sherry Arnstein's ladder of participation is used in a more general sense to analyse change in power relations.⁵⁶³ Steven Lukes' three dimensions of power provide a comprehensive typology of explanations of the power dynamic in political relations.⁵⁶⁴ It also has application in the case of the dynamic power-based relationship between the polity sector members and human service organisations. The terms of this relationship have been comparatively stable in Texas, with nonprofit human service organisations able to maintain a degree of autonomy through funding independence. In Tasmania this relationship is currently experiencing some tumult. A comparison of the two using Lukes' power analysis is fruitful.

⁵⁶¹ Lukes, *Power: a Radical View*.

⁵⁶² Michel Foucault, *Discipline and Punish: the Birth of the Prison*, Alan Sheridan (translator), (London: Penguin 1975).

⁵⁶³ Sherry Arnstein, Quoted in Julia M. Wondolleck, Nancy J. Manning and James E. Crowfoot, 'Teetering at the top of the ladder: the experience of citizen group participants in alternative dispute resolution processes' in *Sociological Perspectives*, (Summer 1996. Vol 39. No2), 249-262; and Marilyn Taylor, 'Communities in Partnership: can empowerment work?', (Keynote address to ANZTSR Fifth Biennial Conference: *Partnership and Activism*. 2-5 December 2000).

Lukes' three dimensions of power theory proposes three views of power relations, ranging from the pluralist view to the radical critical theorist view.⁵⁶⁵ The first dimension or view of power focuses on the behaviour of actors, particularly in the areas of decision-making, identification of key issues, incidents of observable conflict, and the consideration of subjective interests expressed as policy preferences and exhibited in political participation.⁵⁶⁶

The second dimension, a critique of the behavioural focus, is based on the framework proposed by Bachrach and Baratz.⁵⁶⁷ It emphasises decision-making and the pervasive power of nondecision-making: this lack of resolution and action is particularly effective in preventing unwanted speculation and debate. The control of issues and potential issues means that while ideas and concerns may be identifiable with investigation, they do not emerge as issues that are the subject of decisions and policy steps. Conflict may be overt where decisions about issues are concerned or covert if there is discontent about potential issues yet to reach the agenda. Again, subjective interests appear as policy preferences. In the case of potential issues causing covert conflict, interests are expressed as somewhat muted grievances.⁵⁶⁸

⁵⁶⁴ Lukes, *Power: a Radical View*.

⁵⁶⁵ Lukes, *Power: A Radical View*, 10.

⁵⁶⁶ Lukes, *Power: A Radical View*, 11-15.

⁵⁶⁷ Peter Bachrach and Morton S. Baratz, 'The Two Faces of Power' in *American Political Science Review*, (56, 1962, 947-952), and Peter Bachrach and Morton S. Baratz, 'Decisions and Nondecisions: An Analytical Framework' in *American Political Science Review*, (57, 1963, 641-651).

The third dimension of power is the most powerful, the most coercive, and the most entrenched. Because the factors in this view of power are so concealed, evidence of their existence is often difficult to identify.⁵⁶⁹ Control of decision-making and the composition of the political agenda are effective tools to determine the emergence of issues and potential issues. Conflict in such instances may be observable or latent: individuals or groups may not be aware that certain actions or policies are detrimental to their interests, and as a result conflict does not actually eventuate.⁵⁷⁰ Although they may be aware of their subjective interests, Lukes argues that few people and groups are likely to be fully aware of their real interests because they are ill-informed.⁵⁷¹ It is always possible that the conflict will occur at some time in the future when those involved become aware of their circumstances and conversant with their real interests: consequently this is defined as latent conflict.

The figure below (figure 2) applies Lukes' framework of three dimensions of power to the cases of the relationship between nongovernment nonprofit human service organisations in Texas and Tasmania, demonstrating that there is evidence of all three dimensions operating.

Figure 2: Lukes' s Power Analysis in Texas and Tasmania

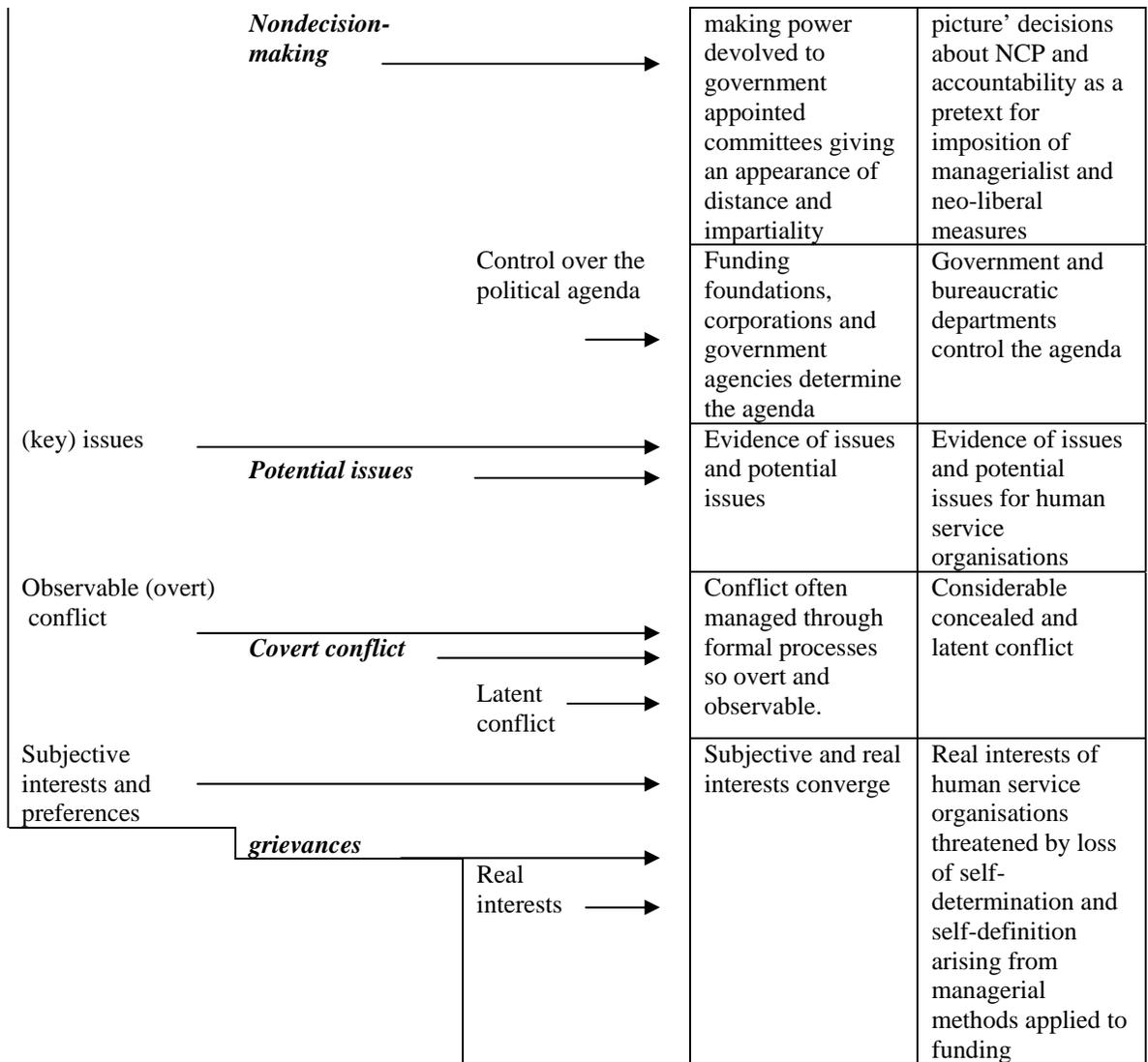
DIMENSIONS OF POWER			TEXAS	TASMANIA
first	<i>second</i>	third		
Decision-making	—————→		Much decision-	Emphasis on 'big

⁵⁶⁸ Lukes, *Power: A Radical View*, 16-20.

⁵⁶⁹ Lukes, *Power: A Radical View*, 34-35.

⁵⁷⁰ Lukes, *Power: A Radical View*, 24.

⁵⁷¹ Lukes, *Power: A Radical View*, 41-42.



It is clear that the power distribution in Texas is far more pluralist in nature. Power is more evenly shared between sectors, with the market and state sectors relatively dominant. As human service organisations behave like market sector participants more, the power imbalance is redressed. Policy is still defined by the polity, that is, elected representatives, appointed commission members and

officials in departments. However as noted in chapter four, these organs of government are frequently active:

Texas is a huge State and only has a legislative session every two years. So this is sort of the epitome of little or no government. I shouldn't say no government. But anyway it's getting to be a very huge State for a legislature that only comes to town once every two years. It doesn't meet year round; it basically has a very short session for the amount of work they have to do. So a lot of the work gets agreed on before you actually get into a legislative session that has a public forum format.⁵⁷²

Policy change is an erratic process with peaks of activity at two-yearly intervals. The governor devolves decision-making to an unelected body whose appointees he is able to influence in a number of respects:

When it comes to Commissions it's usually the Governor [who] gets [to make] three appointments, the President of the Senate gets three appointments, the Speaker of the House gets three appointments and then there's another three that are kind of up for grabs in terms of everybody kind of agrees on who the other three are. Most of them are 12 or 13 member Commissions. The interesting thing

is also the President of the Senate is also the Lieutenant Governor and so the Lieutenant Governor of course is going to be appointing all of the Chairmen of the different Committees in the Senate through which the money has to pass of course and so then you have that kind of an arrangement and also you've got probably the ability to name a quarter or a third of the Commission numbers. That's a great deal of power. So that's why in Texas everybody sort of jockeys for position - how to get in line to become the Lieutenant Governor... They're Comptroller [role that involves treasurer functions and an auditing watchdog role] and then they move up and become Lieutenant Governor which automatically makes them the President of the Senate.

So while there is an appearance that decisions are made at a distance from the governor and politicians, in reality the governor is well placed to determine three commission members and to influence six others through the lieutenant governor and president of the senate occupants. In this way he is able to set the agenda and the political timbre of each policy area managed by a commission, and there are many:

There are quite a lot of Commissions - the Barbers' Commission, the Cosmetology Commission - all these

⁵⁷² TXI 3.

*names... If there is an activity going on there's probably a Commission to govern it.*⁵⁷³

Nevertheless, there is a sense in which organisations in Texas are free to operate in their fields. As government deliberately rolls back its funding of human services, it becomes less inclined to assert control over their extent and nature. As certain areas cease to be budget items for government, government absolves itself from responsibility:

*There's a belief that government shouldn't be doing these things and when they say they shouldn't be doing them they will say that basically money should go to the local level so that the local cities can do them. That's their newest thing, which sounds really good, but they keep combining a number of things so that the pot gets smaller all the time ...The whole idea there is 'Well if we get more money flowing into the economy... if we get a freer flow of money into the economy there will be more jobs, we won't have as many needs for human services'. I mean on paper it looks wonderful, [but] we've sort of just jumped into it and it's trial and error. So they will sit ... and strategise - all of a sudden they've got this responsibility and frequently not adequate money to do it...*⁵⁷⁴

⁵⁷³ TXI 3.

⁵⁷⁴ TXI 3.

Organisations are encouraged to seek alternative funding sources, or reduce services:

The administrative branch [has indicated] that there should be a much larger effort to work with the private sector and get private funding [for human services].⁵⁷⁵

The commission structure could also be seen as a second dimension phenomenon, decentralising power and allowing for additional voices to be heard in discussion. It is debatable how effective these voices would be in setting the agenda:

Here we have a decentralised government. ...Usually it's the Governor and, you know, his Cabinet, but here we have all these Commissions that are independent of one another, so needless to say none of them work together necessarily.⁵⁷⁶

In the Tasmanian context, it has been argued that competitive tendering empowers nonprofit organisations by allowing them to budget and manage their affairs with less government intrusion. This is a one-dimensional view of the power dynamic.

⁵⁷⁵ TXI 3.

⁵⁷⁶ TXI 3.

A two dimensional view allows the identification of the perils of increased competition when the government and its organs are firmly in control of decisions. A clear example of this arose during a consultation process between government and human service organisations. Participants were drawn from human service organisations and public sector middle management. The process, entitled **Changing Relationships**,⁵⁷⁷ considered the issues, developed options and sought to resolve impasses through recommendations to the appropriate department. A response was not forthcoming. Frustration and eventually fragmentation set in and the process collapsed. Some gains were salvaged from the remains and a number of valuable publications were produced. It was nevertheless clear that momentum and broad support in among human service organisations was irreparably damaged by this non-decision:

Other issues were also causing difficulties. Despite the fact that the DCHS [Department of Community and health Services, now called Department of health and Human Services] Corporate Strategy Division had actively supported Changing Relationships and were the source of continuing funds for the process, the DCHS seemed unable to provide the community sector with a clear position in relation to the proposed changes and even when working groups came to a recommended position, the DCHS

⁵⁷⁷ Alessandrini, Megan and Bill Ryan. *Changing Relationships: A Case Study in Reform of Government/Community Sector Relations*. (Paper presented to the ANZTSR conference, Melbourne, 17 June 1998).

Agency Management Team (a collection of the most senior managers) seemed unable or unwilling to address them so the process could move forward. By the end of 1997, a sense of frustration was evident in the sector. Hard-won gains began to evaporate, as less progressive members of the sector who had been persuaded to become involved with the process, were discouraged by the lack of response.⁵⁷⁸

In second dimension terms, power rested with the highest levels of government. Despite the best efforts of the group of human service organisations and middle managers, inaction of officials prevented the consultation and resolution from progressing.

Consistent with a third dimensional view of power, the Tasmanian government is now in the position of defining services provided by organisations and nominating the clients with whom human service organisations are funded to work. Unit costs are set by government and government also stipulates the duration for which the client remains entitled to services. Competitive tendering appears to empower organisations by giving them untied funds to provide a service. They have budgetary freedom, and all other functions are the responsibility of the organisation. But as contractors these organisations, which in many cases are dependent on government for their financial survival, are required

⁵⁷⁸ Alessandrini and Ryan, *Changing Relationships*, 6.

to provide a pre-defined product at a predefined price. Government has control of the process and the agenda. Organisations are free to conform to contract specifications. Failing that they are free to walk away.

It is at this point that the conceptions of power and discipline described by Foucault become relevant. Utilising Bentham's panopticon, Foucault adapts the structure in abstract terms as a vehicle to describe the insidious nature of discipline emanating from external authority and applied by the self, but maintained by threat and implication rather than actual coercion.⁵⁷⁹

Foucault outlines the main features of the panopticon as an internal tower with small windows, perhaps with venetian blinds. The rooms in this structure are partitioned but have no doors. They are connected by walkways so that movement between the viewing windows can be stealthy and unheard. Surrounding this tower is an additional ring of rooms at numerous levels to the height of the tower. Rooms in this structure have windows facing out and also windows facing the internal tower to allow scrutiny. Because the external structure is in full light, it is impossible for those confined to conceal themselves. Those observing from the tower are in shadow (or concealed by the venetian blinds), are able to move around quietly. The observed group can therefore never be sure when, or if they are being observed. So uncertain are they of their position, that they must behave as if observed at all times:

⁵⁷⁹ Foucault, *Discipline and Punish*.

Hence the major effect of the panopticon: to induce in the inmate a state of conscious and permanent visibility that assure the automatic functioning of power. So to arrange things that the surveillance is permanent in its effects, even if it is discontinuous in its action; that the perfection of power should tend to render its actual exercise unnecessary;...in short that the inmates should be caught up in a power situation of which they are themselves the bearers.⁵⁸⁰

In the Tasmanian example, type one, two, three and four organisations are subjected to a panopticon application of power in the management of service agreements and contracts. The degree to which this power is evident reduces the higher the position on the typology. They are heavily dependent on their government paymasters to provide their funds, to define their activities, and to monitor their performance. Although several Tasmanian human service organisation interviewees commented that visits from the funding department were infrequent, such events were always a possibility. Consequently the policy folder and operational planning documents are stored as required in clearly labelled folders in the office. Contracts and service agreements appeared to be generic and to arrive anonymously, often by mail, but terms and conditions must nevertheless be adhered to, lest an audit be conducted identifying irregularities.

⁵⁸⁰ Foucault, *Discipline and Punish*, 201.

Type five organisations in Tasmania are less subject to this type of power because they are less dependent on government for funds, direction and meaning. These organisations are more likely to experience exertion of power in a more sophisticated form, evident in Lukes' third dimension. Because dependence is less direct, Government exerts control through the political agenda and terminology. *The Prime Minister's Community Business Partnership* initiative is an example of this. As neo-liberal policy changes are implemented and take effect, government has reframed the agenda.⁵⁸¹ The policy issue is no longer a concern about reduced welfare funding from government: human service organisations are now encouraged to embark on partnerships with willing businesses. These partnerships are intended to be lucrative for the community organisation, and also attractive to business participants wishing to be socially responsible corporate citizens. In effect, government is absolved of its responsibility to these organisations and their clients.

The relationship between nongovernment nonprofit human service organisations and government varies according to the circumstances of their funding and management. In most cases, government is to some degree the dominant actor in the relationship. Even in the Texan example, it is clear that government, either directly through outsourcing or indirectly through control of the administrative commissions, is able to control the agenda and perceptions of

⁵⁸¹ Centre for Corporate Public Affairs in conjunction with the Business Council of Australia, *Corporate Community Involvement: Establishing a Business Case*, (Melbourne: Centre for Corporate Public Affairs for the Department of Family and Community Services and the Community Business Partnership, 2000).

appropriate funding and responsibility. The United States has never enjoyed the level of welfare funding provided in Australia in the past, but nevertheless, funding cuts have occurred:

We are in a rather conservative time right now where, you know, they keep trimming back on human service kinds of things and the arts funding, you know, has nearly disappeared. So, yes, it's about bottom line stuff all the time and how they define the bottom line is usually units of service for 'x' amount of money, and do people really need it and we don't care if they really need it, you know, can we afford for our government to stay in the black and still provide this level of service ... Many of the people that now serve, both at the national level in Congress and also in the State Legislatures, they don't really remember back as far as Ronald Regan, which is when we sort of began our paring down and our very conservative approach. So they have no idea about why we ever started these programs in the first place and certainly not a clue about if we don't do social programming what the ramifications will be a couple of generations down the line. ⁵⁸²

It is clear that human service organisations have not had control of the agenda, in either Tasmania or Texas. It has apparently rested with government,

but equally it could be hypothesised that business interests have exerted influence. Certainly private sector corporate language has been borrowed from business by government, in their pursuit of the bottom line and neo-liberal goals. It is beyond the scope of this thesis to explore this further.

Arnstein's ladder of citizen participation⁵⁸³ describes an escalating level of citizen participation in decision-making. At the bottom of the ladder, occupants are nonparticipative and subject to manipulation. Token participation is found on the middle rungs, with partnership, delegated power and citizen control at the top. This model can be adapted to the example of organisations rather than individuals.

At the crossroads of reduced government funding, human service organisations have a number of options. Some may embark on a course leading to increased market activity and entrepreneurial relationships with business: these organisations will become more like corporations, and consistent with category six on the organisational typology. Other organisations may attempt to climb Arnstein's ladder, struggling for political rights and for their voices to be heard, as they strive for the top rung of citizen control.⁵⁸⁴ Many organisations may elect to pragmatically pursue a market-like approach while simultaneously delegating the political workload to peak bodies and lobby groups to whose funding they contribute a premium.

⁵⁸² TXI 3.

⁵⁸³ Arnstein quoted in Wondolleck Manring and Crowfoot, 'Teetering at the Top of the Ladder', 1996.

The contrasts between Tasmania and Texas can be interpreted as simply a view of two sites at different points on the same path. Given current policy convictions, it is possible that eventually Tasmanian human service organisations will closely resemble their Texan counterparts. It is clear that the societal model of three pillars, polity, market and civil society, is no longer an adequate representation of society. It does not account for the increasingly market-like structures and behaviours of organisations presently located in civil society and is insufficient in its treatment recent dramatic changes to community-based formal organisations. A range of views have been outlined and considered in chapter one. It is now appropriate to review these and consider more appropriate options, in the light of the empirical and normative data and analysis related to the case studies.

⁵⁸⁴ Arnstein quoted in Wondolleck Manring and Crowfoot, 'Teetering at the Top of the Ladder', 1996.

Chapter eight: An alternative model

Analysis of the factors affecting contemporary nongovernment nonprofit organisations led to the establishment of a typology of organisations. This typology is based on the degree of organisational complexity and a scale of market orientation. Research results and findings arising from extensive field research in Texas and Tasmania provide strong support for this typology. Broadly speaking, Tasmanian organisations are found to have a lower level of market orientation and to be more likely to be wholly reliant on funding from one or a number of government agencies. Texan organisations were more likely to be independent in funding and management. An application of Caulley's five generations of evaluation demonstrates that human service organisations in Tasmania range in sophistication from the lowest measurement level to the fourth level *utilisation* approach. Texan human service organisations are more pragmatic in their evaluation, using simple *measurement* methods in most cases. Some

Texan organisations use *systems* approaches that have a focus on market simulation and efficiency criteria. Other organisations who have the capacity utilise in-house resources to conduct fifth level self-evaluation programs. It was found, however, as in Tasmania, that this is the least likely choice of approaches to organisational or program evaluation.

The preceding chapters provide an examination of the policy environment pertaining to nongovernment nonprofit human service organisations in both research sites. This examination together with analysis of organisational management and structure indicates that Texas has progressed further towards neo-liberal approaches to human service delivery than Tasmania. There are, however, indications that Tasmanian policy is increasingly adopting a similar neo-liberal policy framework. It is the response of human service organisations to this government direction which determines the nature of the relationship between organisations and government.

This relationship has been analysed using several frameworks of power. The perspectives of Lukes⁵⁸⁵, Foucault⁵⁸⁶ and Arnstein⁵⁸⁷ informed this analysis. The relationship between government and human service organisations is not benign: in Tasmania in particular aspects of the Benthamite self discipline model adapted by Foucault are evident. In more complex and apparently autonomous Tasmanian organisations Lukes's agenda control and decision-making power are identifiable. This is also the case in Texas, where government creates an impression of distance from policy

⁵⁸⁵ Lukes, *Power: a Radical View*.

⁵⁸⁶ Foucault, *Discipline and Punish*.

⁵⁸⁷ Sherry Arnstein, Quoted in Julia M. Wondolleck, Manring and Crowfoot, 'Teetering at the Top of the Ladder' and Taylor, 'Communities in Partnership: Can empowerment work?'

development and implementation but in reality maintains a firm grasp on the policy agenda.

These complex interactions represent a fundamental change in the relationship between government and nongovernment nonprofit human service organisations. Is it still possible to coherently represent these institutions in the traditional theoretical structure of society as consisting of the three pillars of polity, market and civil society? Society has traditionally been theorised as having three distinct sectors of human activity, interacting to varying degrees to create a cohesive whole. Variations of this approach have been explained in great detail in chapter one. A brief review of that material is provided here.

Shortcomings of the three pillar model

Thorough as these models appear, there is considerable evidence that they are insufficient for analytical purposes. The category of civil society in particular though adequate is not appropriate for detailed analysis. There is a sense in which ‘civil society’ with its many definitions has come to function as the residual category: groups and activities that do not fit the criteria for polity or market are assumed to be part of civil society. Definitions and criteria are often not clear. As a result the occupants of this category are often extremely dissimilar indeed. They do not share a core value, such as the accumulation of profit, or the distribution of power; nor do they have a common mode of operation such as the selling of goods and services or the governance of a social group. Those active within civil society may include good neighbours, unpaid self-

interest groups such as football clubs, unpaid charitable groups, neighbourhood houses and business-like nonprofit organisations involved in a more or less professional standard of service provision. Power in civil society may be vested in the organisation itself, in a dominant funding agency, in a membership body, or in the individuals that voluntarily associate. As an analytical tool then this conception of civil society is devoid of meaning other than as a category in which to place that which cannot be accommodated elsewhere.

The altruism assumed to be the basis of civil society by many theorists is not evident in many of the hybrid organisations operating today. While their goals may be consistent with charitable sentiments, espousing social justice and humanist convictions, their operations are frequently highly market-oriented and focussed on perpetuation. This goal of organisational survival can become an overriding factor, overwhelming other core values. Broad community approaches are also often lost in the imperative to compete for clients and funding with other nonprofit organisations. An example of this in practice is the incidence of ‘commercial-in-confidence’ classifications of board documents and organisational material.

There are indications that these inter-organisational relationships have been reconstructed as partnerships, but these relationships are defined by the language of business: the recent establishment in Australia of the Social Entrepreneurs Network is an example of this.⁵⁸⁸ This network, based on a model operating in the United Kingdom and several other countries, has the stated intention of promoting entrepreneurial activity in nonprofit organisations through mutually advantageous partnerships. It is expected

that these will be between nonprofit organisations with complementary capacities, and also between businesses and organisations. It is considered highly desirable to establish a partnership arrangement with a corporate organisation. This approach is supported by a parallel policy initiative emanating from the office of the Prime Minister. The *Community Business Partnership* initiative was formally established in November 1999. It aims to encourage participation in community partnerships particularly among corporations by using a group of well-known corporate identities as role models and vehicles of influence. The initiative webpage describes the group as:

A representative group of Australians committed to encouraging and enhancing partnerships between corporate and community sectors.⁵⁸⁹

Nonprofit nongovernment human service organisations have also been regarded as a stop gap to meet social welfare needs that have not been addressed through government policy initiatives or is not sufficiently lucrative to attract market activity:

‘community’ [is seen] as: ‘the aerosol word of the 1970s because of the hopeful way it is sprayed over deteriorating institutions’.

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Not only is ‘community’ now widely used in the nomenclature of government departments, it is also used as an avenue to develop and deliver better solutions to social programs, through community consultation and community-based delivery mechanisms:

⁵⁸⁸ Alessandrini and Ham. *Social Entrepreneurship as Innovation*.

⁵⁸⁹ www.partnership.zip.com.au 20 April 2001.

⁵⁹⁰ M.A. Jones quoted in Lois Bryson, ‘Community : the spray-on solution’, 255.

The various community development programs, both government and nongovernment [in origin] are generally presented as progressive or 'radical' since, it is claimed, they focus on people's expressed needs and involve participation at a 'grass roots' level.⁵⁹¹

With the benefit of recent experience, this argument can be extended still further: with this push to involve community in the development of solutions has come a trend to regard communities as responsible for their delivery of programs through the conduit of community organisations. These programs may be fully funded by government, and even be subject to a tender process to identify an appropriate service provider. In some circumstances, minimal funding is provided, with the expectation that the service will shrivel, or other funding sources will be utilised.

Where government is unwilling or unable to fund or provide a particular service, and the market assesses it as not viable, there is an expectation that the community will fill the gap. Some of this can be achieved through a charitable model consistent with traditional notions of civil society, but other human service areas of greater complexity require an alternative mode of operation to succeed.

⁵⁹¹ Lois Bryson, 'Community : the spray-on solution', 255.

Alternatives to the three-pillar structure

Streeck and Schmitter⁵⁹² propose a fourth category in addition to community, market and state. This is based on the convincing evidence that the existing model is not sufficient:

On the basis of accumulated research, we are now convinced that the logic according to which these systems operate cannot be reduced to the respective logics of community, market and state, or explained by an ad hoc mix of these.⁵⁹³

Streeck and Schmitter develop a further ‘model of social order’ which they identify as ‘association’.⁵⁹⁴ This sector is distinguished by common interests and goals of self promotion for the group in an environment of mutual respect at the institutional level:

The key actors are organisations defined by their common purpose of defending and promoting functionally-defined interests, i.e. class, sectoral and professional associations.⁵⁹⁵

Associations occur at several levels: between organisations, and between organisations and their members. Streeck and Schmitter see these organisations or associations as an additional coherent social form whose structure and activity is so

⁵⁹² Streeck and Schmitter, ‘Community, market and state- and associations?’.

⁵⁹³ Streeck and Schmitter, ‘Community, market and state- and associations?’, 3.

⁵⁹⁴ Streeck and Schmitter, ‘Community, market and state- and associations?’, 8.

⁵⁹⁵ Streeck and Schmitter, ‘Community, market and state- and associations?’, 10.

distinctive that it cannot be accommodated elsewhere.⁵⁹⁶ The associations they describe are bound by pursuit of similar self-interest, as might be found in the polity. This enunciation of a fourth ‘sector’ attempts to provide a coherent model but, on the basis of the research conducted in Tasmania and Texas, does not adequately explain the how organisations with altruistic mission and goals, devoid of market references or overt profitability motives, can appear to sit comfortably with the highly market-like corporate approaches that are now evident in human service organisations.

Dekker draws on these ideas but proposes a subtly different model to illustrate the social structure he has observed.⁵⁹⁷ In describing the structure of society in the Netherlands, he proposes an additional sector. The four pillars identified are market, state, community, and the new sector of civil society to replace the associative or corporatist model. He suggests that the civil society ‘is not an adequate framework for the study of nonprofit organisations as such.’⁵⁹⁸ Clearly there is a need for a fourth pillar in an accurate model of contemporary society. A template of only three pillars, community, market and state, leaves many significant, influential and valid social groupings and activities not obviously fitting into one or other category. Contemporary nongovernment organisations do not, however, sit neatly within the categorisation of civil society as drawn by Dekker, or Streeck and Schmitter.

Dekker recognises the difficulties in sustaining the distinction between nongovernment nonprofit organisations and private enterprise organisations, who may in many cases be in direct competition. The blurring of what had previously been a

⁵⁹⁶ Streeck and Schmitter, ‘Community, market and state- and associations?’, 10-11.

⁵⁹⁷ Dekker, ‘Nonprofit Sector, Civil Society and Volunteering’.

fundamental distinction has been gradually occurring in recent years and is likely to continue.⁵⁹⁹ As Dekker notes:

In the future it may be harder for researchers to draw a line between nonprofits and other organisations. It is becoming increasingly difficult to distinguish the traditional private nonprofit organisations from the many independent public bodies, PGOs (para-government organisations) and quangos (quasi-autonomous non-government organisations) that have been established by government in recent decades.⁶⁰⁰

It is suggested by Dekker that it may be more appropriate to define organisations by their 'goods and services and not by the historical backgrounds or formal status of organisations'.⁶⁰¹ This is however problematic. In order to conceptualise a coherent model of society constructed of distinct pillars, it is necessary to account for the motives of the individuals or groups involved. This may not include historical factors, but must clearly identify motives and desired goals, be they profit for shareholders or and improvement in the social condition. These factors dramatically influence the choice of means and activities embarked upon.

⁵⁹⁸ Dekker, 'Nonprofit sector, civil society and volunteering', 125.

⁵⁹⁹ It is after all the basis of the categorisation between second (private sector) and third sector organisations. If in doubt, it renders the sector construction redundant.

⁶⁰⁰ Dekker, 'Nonprofit sector, civil society and volunteering', 127.

⁶⁰¹ Dekker, 'Nonprofit sector, civil society and volunteering', 127.

Zimmer, commenting on the social welfare sector in Germany, states that social goals are no longer the defining ones for these organisations as they are compelled to compete on an equal footing with private sector organisations:

To put it in a nutshell: in a competitive environment with contract management and cost-based reimbursement, the institutional form of the service providers does not matter at all.⁶⁰²

The case analysis refutes this claim. While the form of the contractor may be inconsequential to the funding agency, it is likely to be of concern to clients, and is certainly important at the level of societal structure. Nonprofit contractors not seeking profit for shareholders are able to plough surpluses generated into improved quality or quantity of services. Donors, philanthropists and taxpayers alike, who can all be considered stakeholders, can be assured that the organisation is striving to operate within the confines of stated missions and goals. In the case of for profit organisations, these considerations are secondary. They must primarily consider the interests of shareholders or company owners.

While the goal of efficiency is a defining factor for any contractor, it is important to consider the context. The concept of efficiency is related to the internal structure of the organisation. Nonprofit nongovernment human service organisations under contract seek efficiency consistent with stipulated goals, generally including stated qualitative service standards, that are not compromised by competing goals of profit. Haward and

⁶⁰² Annette Zimmer, 1997, quoted in Dekker, 'Nonprofit sector, civil society and volunteering', 128.

Zwart explain in considering local government reform that efficiency does not have a singular definition:

Efficiency can be defined in different ways: as allocative efficiency- defined as ‘maximising the use of resources at the least cost’ ... or by utilising the concept of ‘X efficiency’ or dynamic efficiency. X efficiency focuses on the benefits made by ‘stimulating organisational improvements’ emphasising that ‘efficiency’ is not only gained from economies of scale.⁶⁰³

In many instances, where nongovernment nonprofit human service organisations cannot achieve the desired standard of service with designated funding, steps are taken to complement with surplus funds from other areas. Such a step is totally inconsistent with the approach of a for-profit organisation.

In both Texas and Tasmania, the operations of nonprofit nongovernment human service organisations were observed to be inconsistent with a dominant profit goal. Texan organisations attract high numbers of volunteers motivated by goals of social cohesion that would not be forthcoming in the case of for-profit organisations. Considerable taxation advantages are enjoyed by nonprofit nongovernment human service organisations in Texas and this allows the flexibility necessary to divert funds to areas of need, often without government agency funding of any kind. In Tasmania, contracts with government were observed to be highly legalistic in form. These contracts

⁶⁰³ Haward, M and I. Zwart, ‘Local Government in Tasmania: Reform and Restructuring’ in *Australian Journal of Public Administration*, vol 59, no3, September 2000, 34-48), 36.

frequently describe the process required of the contracting organisation, and occasionally the standard of service. Rarely are particular outcomes defined in contracts. Outcome goals then are imposed by the contracted providers themselves, based on the broader policy implication. It is unlikely that a for-profit organisation with shareholders' well-being and profit maximisation as overriding goals, would strive for the same quality of outcome.

But, as Dekker points out, it is inappropriate to attempt to group these organisations with the altruistic voluntary associations and loose groupings typically assumed to occupy the civil society category:

I am definitely not impressed by the way some allies of the nonprofit sector have embraced to 'civil society' concept to give their interests a more sympathetic and appealing label... it would be quite misleading to redefine established service delivering nonprofits as core institutions of civil society. Associations that can embody civil society aspirations are a negligible part of the nonprofit sector.⁶⁰⁴

It is important to recognise that Dekker is describing the social groupings evident in the Netherlands, and to a degree, other parts of western Europe. Nevertheless, there are some clear insights that can be drawn from his analysis and usefully applied in other locations. Dekker's comments about the inconsistency between sophisticated nonprofit service providers and the fundamental or traditional characteristics of civil society

organisations hold true for both the Texan and Tasmanian cases, as described in the preceding chapters. A sector of organisations variously motivated by commitment, purchasing power, ascription and legal authority, depending on their role, exists and must be accommodated by any coherent theory of societal structure. This is consistent with Dekker and is supported by the evidence in preceding chapters. The existing models are inadequate and not sufficient as tools of analysis.

It is apparent that a more comprehensive model is needed to analyse society. There are indications that civil society as a concept cannot account for the modes of operation arising from contractualism and competitive tendering, requiring entrepreneurial market-oriented behaviour of its members. The models proposed by Streeck and Schmitter, and Dekker, while providing detailed insights that extend the traditional and limited characterisation of civil society, are nonetheless inaccurate when applied to the cases of Texas and Tasmania. From the data described in preceding chapters, and analysed in preceding sections, a revised fourth pillar model is proposed. This model comprises:

1. *The polity:*

This group engaged in developing and applying laws and regulations and some service delivery. The service delivery component is in decline in both Texas and Tasmania.

⁶⁰⁴ Dekker, 'Nonprofit sector, civil society and volunteering', 138-9.

2. *The market:*

The prime activity of this group lies in profit seeking through exchange of goods and services for funds or resources. The overriding goals in this group are profit maximisation and advancing the shareholders' interests.

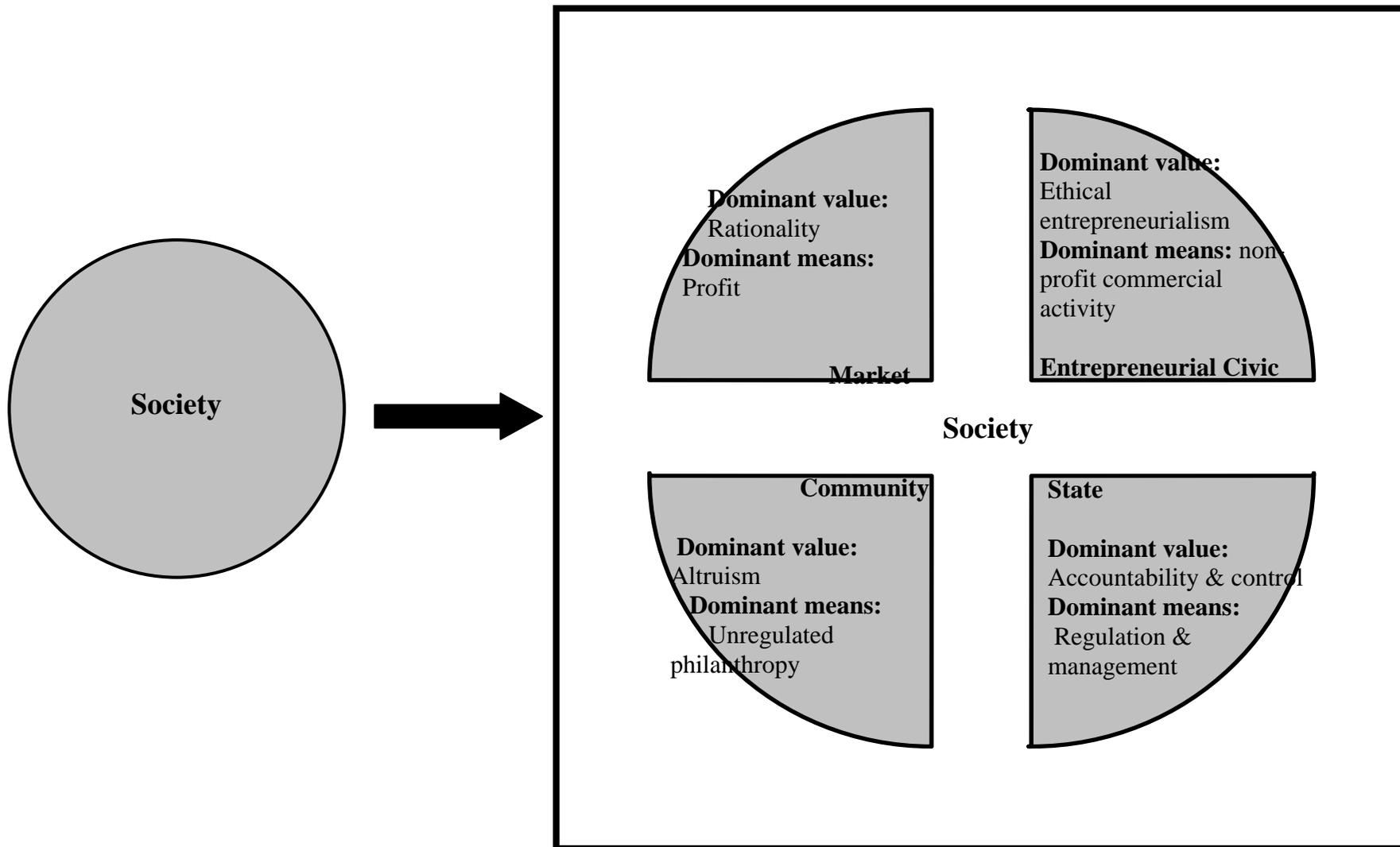
3. *Community:*

This sector is engaged in voluntary associations, altruism and private personal interactions. Underlying motives are social connection, community strengthening and voluntariness.

4. *The Entrepreneurial Civic Service Pillar:*

This is a sector of formal organisations engaged in strategic and managerial functions with active relationships with the other sectors. These organisations are not profit driven, but nor are they wholly altruistic. They have goals of efficiency and effectiveness in the context of outcomes for clients. These organisations are at once operating in a competitive environment to provide services in a business-like manner, and wearing the mantle of charitable worthy organisations with a privileged taxation status that attracts donors and volunteers with philanthropic motives.

Figure 3: Pillars of Society [derived from Streeck and Schmitter, 1985, Dekker, 1998 and Alessandrini 2000]



The societal structure used for this analysis of human services organisations is developed from the work of Streeck and Schmitter,⁶⁰⁵ and Dekker⁶⁰⁶. It is necessary to outline the societal framework developed by Dekker in its entirety in order to understand his definition of civil society. His construction of a social order proposes four pillars in society: community, market, state and civil society. Writing about aspects of Western Europe, he explains the category of civil society is drawn from a fourth model developed by Streeck and Schmitter, defined as an ‘the neo-corporatist associative model.’⁶⁰⁷

The market pillar is likely to be populated by business organisations and political parties. Decisions are made on a basis of supply and demand, made possible by the currency of money and votes. The defining principle is one of competition, producing private goods for exchange in a market. Unintended consequences of a positive nature, described by Dekker as ‘positive externalities’, are prosperity and accountability.

Unlike most theorists in this area, Dekker considers political activities to be neither fundamentally ideological nor bureaucratic.⁶⁰⁸ The State pillar then does not include party political structures and activities, but consists of bureaucratic agencies with a hierarchical structure and power distribution. It is clear then that Dekker views the state as neither innocuous nor powerless, representing the views and wishes of the elected

⁶⁰⁵ Streeck and Schmitter, ‘Community, market and state- and associations?’.

⁶⁰⁶ Dekker, ‘Nonprofit sector, civil society and volunteering’.

⁶⁰⁷ Dekker, ‘Nonprofit sector, civil society and volunteering’, 129.

⁶⁰⁸ Dekker, ‘Nonprofit sector, civil society and volunteering’, 126.

government. The state is seen as influential, wielding legitimate authority, dealing in collective goods and exercising coercion as appropriate.

The community pillar is composed of families and neighbours who generally make decisions collectively or by consensus. The defining principle is one of solidarity constructed around ascribed characteristics. The goods generated by this sector benefit a recognised client group. The positive unintended consequences are mutual affection and collective identity. The means of generating these goods and externalities is said to be esteem: an enhanced reputation and standing in the social group and a sense of fulfilment. It is community that has often been considered the site of volunteering and activity associated with non-government organisations in the past. But there is a fundamental difference between the activities of supporting and assisting family and friends, a type of mutual benefit action, and the types of activities that occur around the arena of civil society identified by Dekker.⁶⁰⁹ Civil society then is voluntary but highly organised, with elements of the community, market and state pillars. Community sector activities are often concealed and taken for granted. They are the acts of an individual as a member of community or a significant group within the community.

Civil society is based on voluntary actions through which individuals may become participants of organisations, motivated by commitment and making decisions through debate. The productive process delivers a range of solidaristic, private and collective goods, with unintended positive outcomes of social capital and public

⁶⁰⁹ Dekker, 'Nonprofit sector, civil society and volunteering'.

discourse. In other words, this sector draws the individual into voluntary associations that pay civic benefits. The activity in this sector has characteristics of market state and community, as becomes evident from the mixed goods it produces, and the externalities that impinge on the market and state sectors. Social capital is laden with meaning borrowed from both the community and market sectors, implying the development of a surplus value, and public discourse is stuff of political parties and that part of the state that invents, augments and implements public policy.⁶¹⁰

The entrepreneurial civic service component of society is populated by formally arranged organisations. These organisations have boards or management committees composed of community oriented individuals, voluntary and committed, altruistic and motivated by a desire for social solidarity. The management and staff are composed of individuals functioning hierarchically in the administration of goods and services for which some clients are eligible. Each organisation operates in a somewhat artificial market-like environment, competing against similar organisations as well as against organisations and individuals within the market pillar. An organisation in the entrepreneurial civic service pillar then competes in a market, is directed by a group generally with shared norms, values and goals within the organisation, has management that directs the collection of surplus value, and is staffed by employees who sell their labour in exchange for income and benefits. In many cases, volunteers also contribute to the organisation's output, motivated by self-fulfilment and altruism. Throughout, commitment to organisational goals is assumed to a greater or lesser degree.

⁶¹⁰ R.D. Putnam 1993, quoted in Dekker, 'Nonprofit sector, civil society and volunteering'.

This sector or pillar has a dynamic and vibrant relationship with the other sectors. The state requires compliance, and also expects the Entrepreneurial Civic Service pillar to apply its rules to ensure services are appropriately targeted. Competitive tendering is an example of the market mechanisms imposed on the Entrepreneurial Civic Service pillar. Because the state regards organisations in the market and Entrepreneurial Civic Service pillar equally when competing for funds, assessing them by capacity to meet the terms of the tender offered efficiently and effectively, Entrepreneurial Civic Service pillar organisations must meet the demands and cope with the rigours of a market. This requirement to compete extends to rivalry between Entrepreneurial Civic Service pillar organisations for corporate, foundation and individual donations.

A hybrid fourth pillar:

Clearly there is a need for a fourth pillar in an accurate model of contemporary society. A template of only three, community, market and state, leaves many significant, influential and valid social groupings and activities not obviously fitting into one or other category. But nor are they consistent with the category of civil society as drawn by Dekker. A sector of organisations of individuals variously motivated by commitment, purchasing power, ascription and legal authority, depending on their role, exists and must be accommodated by any coherent theory of societal structure. Two Tasmanian examples demonstrating the inadequacy of the traditional civil society category now follow.

Example one: community-based childcare centres⁶¹¹

A particularly vivid example of this in the Australian context is that of the arrangements for centre-based childcare. This activity has traditionally been funded by grants to altruistic unpaid community-based committees, and employed semi or unskilled staff, marginally attached to the labour market. A federal government thrust to introduce market mechanisms and to deregulate childcare resulted in dramatic changes to the operating environment. Subsidies and fee relief previously paid directly to the child care provider were now paid to parents. Ratios of qualified carers and unqualified carers to children in care in the various age groups, previously regulated at the state level, were relaxed and brought into line with a national standard. Centres were at liberty to continue with the more stringent state ratios, but did so at their own peril: viability and competitiveness would clearly be threatened. Fully developed industrial awards were introduced at all levels, with superannuation and leave entitlements. The sector was opened up to private operators. From being required by law to run at a 'break even' level, centres were now required to make sufficient profit to fund their own capital costs, such as renovations and extensions. Many centres embarked on strategic planning processes. The government of the day stated that in their view there was no difference between a service provided by a dedicated unpaid community based committee and a profit-driven private business. Clearly then, community based child care providers needed to revise their location in the social structure. Their dominant characteristics were

⁶¹¹ The data for this overview is drawn from confidential interviews with managers in the sector and personal experience of the author as a board member in the sector. Several other resources also provide policy background: see Hayley McBrien, 'Child Care and the Role of Employer Sponsorship' in *Australian Journal of Early Childhood*, (September 2000 vol 25, i3, 13-16); Romana Morda, Anthoula Kapsalakis and Margaret Clyde, 'Reconceptualising Child Care in Rural Areas: Meeting the Needs?' in *Australian Journal of Early Childhood*, (vol 25, i2, 7-9); and Department of Family and Community Services, *Australian Background Report of the OECD Thematic Review of Early Childhood Education and Care*, June 2000.

no longer community focus and exemplary quality. Prior to this, the industry had begun to professionalise: specific stratified qualifications and entry-level training were now available, and this became an important differentiating characteristic for customers assessing their options. Market behaviours quickly developed, with many parents making choices based on cost, services provided, accessibility, ratios and the program offered. But these organisations are not pure market actors: they still have a voluntary unpaid board, they still fundraise and (for the moment at least) enjoy a sales tax exempt status, and there is still a strong assumption of commitment required from employees in the sector. They fall into a category that is neither market nor community: an entrepreneurial marketised sector of society using to varying degrees professional management techniques and motivated by commitment. The interests of this sector lay in the community, but it is required to behave as a market actor in its interactions with the market, and as both a market actor and as an administrator of devolved public policy in its interactions with the state sector.

Example two: delivery of employment services⁶¹²

Since the Depression, employment services in Australia such as job matching of clients to registered employment vacancies and assessment for entitlement for employment subsidies has been a government responsibility. The Department of Labour and National Service later became the Department of Employment and Industrial Relations, and several other permutations have followed with carriage of the employment portfolio

⁶¹² The data for this overview is drawn from the career experience of the author who worked in this industry for 15 years. Additional background information was derived from: John Burgess, William Mitchell, Duncan O'Brien and Martin Watts, 'Unemployment: Promises, Policies and Progress' in *Labour and Industry*, (December 1998, vol9, i2, 103).

responsibility. The mode of delivery has changed dramatically as welfare funding accelerated its shift from universality to highly targeted program support for particular groups within the labour market. This policy direction was followed by the implementation of a thorough-going wave of neo-liberal policy.

In 1996, the Commonwealth budget announced that functions in the Department would be split. Employment policy development, monitoring and evaluation functions were formally divided from service delivery activities with the establishment of Employment Australia, managed by the Public Employment Placement Enterprise (PEPE). This arrangement resulted in discreet budgeting and performance assessment. Employment Australia adopted a corporate identity and behaved to all intents and purposes as an independent semi-government organisation. In 1998, government decided through the auspices of the national competition policy, to formally and structurally allow for competition in the delivery of employment services. Employment Australia was restructured as Employment National, an independent organisation under-written by government entitled to tender for government contracts on an equal footing with all-comers.

This competitive tendering process has seen the participation of nongovernment nonprofit human service organisations. For-profit organisations have also entered the area, tendering for the more lucrative contracts involving higher achieving jobseekers. Employment National has struggled to retain market share for a range of reasons. A contributing factor has been the lower overheads and humanitarian motivation apparent

in the goals of the nongovernment nonprofit human service organisations involved. The delivery of employment services is now into the second round of tenders and the success from the point of view of nongovernment nonprofit human service organisations and clients seeking choice in approach is clear. Although it was suspected that cost cutting was the covert intention of government, this was not stated. Reduction in government spending in this portfolio area has not eventuated, largely because of the previously unrecognised high costs of contract management and ensuring compliance.

These examples vividly illustrate the shortcomings of traditional pillars of society. The addition of **the entrepreneurial civic service pillar** creates a coherent model of society, and a powerful tool of analysis to understand developments in public policy and responses to these in society at large, in modes of operation and revised organisational structures and groupings. The entrepreneurial civic service pillar is distinguished by characteristics that would have been considered inconsistent in three pillar construction. This pillar is populated by organisations that are nongovernment and nonprofit, but have sufficient sophistication to interact appropriately with occupants of the polity and market pillars. These organisations are formally arranged, and have a clear physical and legal identity. Boards and management committees are often composed of a blend of elected members and members appointed for their expertise. Entrepreneurial civic service pillar organisations employ staff like for profit organisations, but may also utilise the resources of volunteers to augment their labour pool. These organisations are likely to provide a number of programs, usually defined by a government agency. The degree of autonomy they enjoy varies according to the number and diversity of funding arrangements they

have, and to a lesser extent, according to their mode of operation. They generally employ strategic management methods to organise their operations, but missions and goals are not centred on profit, the will of the owners, or the interests of shareholders.

These organisations espouse altruistic motives and social responsibility. Statements of purpose are likely to include reference to improving the social condition through their activities and programs. Entrepreneurial civic service pillar organisations enjoy taxation advantages which allow them to generate surplus value that can be redirected to other socially beneficial purposes. These measures include exemption from income tax and tax relief for donors.

The four pillars of society proposed – polity, market, community and entrepreneurial civic service- provide a comprehensive model that encompasses all modes of human interaction. These pillars will necessarily interact and influence each other in different respects at different times.

Chapter nine: Conclusion

This thesis argues that society is no longer based on the three traditional sectors of civil society, market and polity. The divergence from this model is particularly evident in the underlying principles, modes of operation and behaviour of organisations involved in the delivery of human services under contract to government. These nongovernment nonprofit human service organisations have characteristics consistent with both market and civil society.

It is clear that a more comprehensive approach is needed to usefully model contemporary society. While the existing traditional model provides coverage, the category of civil society includes such a range of individuals and organisations that it lacks utility as an analytical tool. This category has become a destination of last resort, for those who do not fit the polity or market categories, rather than a category of distinctive characteristics.

This thesis has examined traditional conceptions of society including an analysis of differing theories of civil society. This analysis indicated shortcomings in the use of civil society as a category for analysis. Differences in conceptions of civil society reflect empirical distinctions. Organisations located in civil society are extremely diverse. Values, purposes and modes of operation differ so greatly that these organisations cannot be regarded as occupying the same sector. A range of characteristics of organisations in the traditional civil society sector are identified and developed into a typology of nongovernment nonprofit human service organisations. The examination of the delivery of human services by nongovernment nonprofit organisations conducted in Texas and Tasmania, involving a policy history overview and extensive case studies using the typology, revealed great variation in the capacities of and approaches adopted by organisations. Application of the market orientation scale demonstrates that the higher the level of complexity and management sophistication, the more likely the organisation is to exhibit market-like behaviour, and in some cases to participate fully in the market. This was found to be more prevalent in Texas than Tasmania.

Civil society in contemporary discourse is lauded, but is also identified as under serious threat from the market and state sectors. Perhaps the concept of civil society is no longer appropriate. Notions of ‘the third sector’ are considered but found wanting because of the enormous range of organisational forms and activities it encompasses. Characteristics of a particular group of these organisations, nongovernment nonprofit human service organisations, appeared to

be extremely varied. The individuals and organisations involved in what has been termed the third sector display considerable diversity and divergence.

Recognising this, Streeck and Schmitter⁶¹³ and Dekker⁶¹⁴ propose alternative models of society that include a fourth category.

The analysis of nongovernment nonprofit human service organisations has demonstrated clearly that the traditional three sector model of society is inadequate as a tool of analysis, and as a meaningful representation of society. The revisions proposed by Streeck and Schmitter, and by Dekker, involving the inclusion of a fourth pillar, are likewise limited, yet direct attention to a fruitful line of enquiry. Linking key variables –the degree of market orientation and internal organisational characteristics (structure and planning, management approach, sources of funding, and types of services) provides a basis for a more sophisticated classification and analysis of civil society organisations. This leads to a model that like that proposed by Streeck and Schmitter, and Dekker, includes a fourth pillar. This model comprises the polity, the market, community and the entrepreneurial civic service pillar.

The market and polity pillars are stable concepts on which there is wide agreement. The community pillar is composed of individuals and small informal organisations with extremely low market orientation. The entrepreneurial civic service pillar is composed of organisations that bear some resemblance to market

⁶¹³ Streeck and Schmitter, 'Community, market and state- and associations?'.
⁶¹⁴ Dekker, 'Nonprofit Sector, Civil Society and Volunteering'.

organisations in that they are to a degree market oriented, but only as a means of survival. They are driven by goals of social responsibility and humanism, and sometimes by religious convictions. Their means of achieving these goals are market-like and pragmatic.

This thesis concludes that fourth pillar provides an accurate model and a powerful analytical tool to examine and understand organisations loosely categorised as comprising the ‘third sector’ or as civil society. The introduction of the category of the entrepreneurial civic service pillar invites ongoing research. Such research can focus on the relationships among these organisations, and the extent to which such organisations provide alternatives to more pessimistic conceptions of the relationship between the individual and the polity.

Research on entrepreneurial civic service organisations can extend the limited methodological approach that sees civil society as simply occupying a shrinking middle ground between the state and the private sector. The utility of this research is shown by the case study analysis. This analysis reinforces the diversity within the ‘entrepreneurial civic service pillar’.

Nongovernment nonprofit human service organisations in Texas were found to be more likely to be category five or six, with a strong market orientation. Tasmanian organisations were more likely to be found in categories one and two, heavily dependent on a single form of government funding. The organisations

studied were found to be diverse, and this was related to their size and complexity. Services provided were also found to be varied. While some organisations provided a range of programs for a loosely defined eligible group, others provided extremely complex services to a narrowly defined group; still others provided a vast range of services to a large number of different groups with varied needs. Overall, type six organisations were found only in Texas. These organisations operated in every respect as businesses, but without shareholders or an overriding objective of profit. These organisations were found to be autonomous and independent, and deriving little financial support from government sources. Several Tasmanian organisations were found in the type four and five categories, where some private funding sources to augment government programs allows a measure of independence. Nevertheless, a high proportion of funding is government sourced.

The strong bureaucratic influence through funding and contracts has had an impact on the evaluation methods adopted by many Tasmanian organisations who use a consultative needs approach with aspects of the systems approach and the democratic approach. The utilisation approach is also evident. Overall, Texan organisations tended to behave like for-profit organisations in this regard. Evaluation was not a major focus except as it occurred as a component of the planning process.

This thesis has demonstrated the benefits of research on entrepreneurial civic service organisations in providing enhanced understanding of motivations and modes of operation, and therefore facilitating improved policy development in this area. Further research is needed to explore the impact of ongoing policy development on the capacity and resilience of nongovernment nonprofit human service organisations and any developments in the autonomy of their governance.

Where governments retreat from the direct provision of welfare services in favour of reducing infrastructure and costs, these tasks fall to entrepreneurial civic service organisations. To date, these organisations have been equal to the task. Their management and innovation in the face of dramatic change and threat has overall been a success story. New and emerging trends in social entrepreneurship are changing the face of charitable organisations across the world and represent an expanding field in which further research is needed.

Case study interviews with CEOs/ managers

1. How many people work in your organisation? (org profile)

2. What is the size and source of your organisation's budget?

3. What services/ functions does your organisation provide?

4. Does your organisation have a mission or vision statement which summarises its purpose? (copy please) If so, how does this influence your management structure, strategies and operations?

5. Does this organisation use managerial techniques in its administration? Which ones? Are they successful/ advantageous? Are they consistent with your organisational ethic and/ or your clients?

About the relationship between your organisation and government:

6. Do you have a contractual relationship with government?

7. Do you have a funding relationship with government?

8. Do you have a regulatory relationship with government?

9. Do you have an operational relationship with government?

10. Does government define the services or functions of your organisation?

11. Please comment on the frequency and quality of this relationship, and any tensions.

12. Does this organisation take steps to develop managerial and professional skills? Is this viewed as desirable, necessary or mandatory? (eg recruitment, skills audit, trng plan/ budget, conferences etc)

Any other comments?

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<http://newfederalism.urban.org/> Tuesday September 22. 1998.

Transcripts of interviews

7 confidential interviews with executive officers of nongovernment nonprofit human service organisations in Tasmania

7 confidential interviews with executive officers of nongovernment nonprofit human service organisations in Texas

3 confidential interviews with public sector key informants in Texas

3 confidential interviews with community key informants in Texas

2 confidential interviews with community key informants in Tasmania