

Academic Commentary: 'Understanding the Changing Role of the Third Sector in the Era of Austerity', John J Rodger, University of the West of Scotland

Perhaps the most enduring issue surrounding third sector engagement with government directed social policy initiatives is the preservation of organisational autonomy: how can voluntary organisations avoid becoming state outposts, providing cheap services for the state without abandoning the principle of *caritas* (the Latin term which encompasses the notions of altruism, caring and social solidarity) which influenced their foundation and shapes their practice? These three pieces, in their different ways, relate to this central question. I have argued (Rodger 2013 and 2012) that, in terms of the logic of complex modern social systems, the capacity of voluntary organisations to escape at least some level of subordination to either government, or what Bishop and Green (2008) call 'philanthrocapitalism', is fairly restricted in an era of austerity. In order to survive in an era of public sector contraction, voluntary organisations must develop what Villadsen (2008) has called 'polyphonic organisational structures' which recognise that increasingly the third sector of social and public service provision must embrace market sustainability independent of state funding, or at least augment government grants with higher levels of entrepreneurial activity. I will return to this theme following commentary on the two other pieces being reviewed.

Kim (2013) explicitly discusses this key issue in the context of a welfare-to-work programme in South Korea. The key question in that context is how can voluntary organisations revive 'grassroots democracy in the public welfare system'? The language of partnership, which is frequently used to describe state/voluntary sector relationships, too often obscures processes of actual incorporation in which voluntary organisations are required to manage their clients, often in terms of principles and practices established in a formal contract or memorandum, rather than enhance their experience of active citizenship. For Kim, the voluntary sector has as its primary purpose to 'speak for the people'. It has, in the South Korean context, as much a political role as a supportive welfare role to fulfil. The argument which Kim advances suggests that, contrary to the more pessimistic views current in policy

circles and academic research, 'street level bureaucrats' can create sufficient freedom of action locally to allow them to interpret and sometimes change the rules governing the delivery of a service in favour of their clients. There are two distinguishable issues evident in the piece by Kim which should be highlighted. First, the description of the programme in terms of increasing bureaucratisation suggests that the same state driven principles of eligibility determining 'deserving' and 'undeserving' participants in the programme described in the article are the same in South Korea as in any other modern welfare/public sector system: no matter how approachable and supportive staff workers are with their clients, the same disciplines and demands required by the state of beneficiaries will apply. Second, what Kim refers to as 'street level bureaucrats' perhaps misdescribes what is actually occurring. The efforts made by staff members to 'humanise' their relationship with their clients by getting involved in their everyday lives is certainly an example of workers drawing on the *caritas* that is a feature of the routine ordinary interactions of what Habermas would call the 'lifeworld'. However, the inveigling of some participants in the welfare-to-work programme into becoming 'supervisors' and organisers of some aspects of the programme does not challenge the 'logic' of how the system works. To claim this initiative as reshaping or transforming a 'participatory culture within the policy system' is to over-interpret what is described. The sacrifices made by staff members to establish a strong relationship with their clients, often by drawing on their own money to pay for events and outings, is on one level laudable, but on another level it brings into sharp relief the different operating principles underlying state and voluntary action. What Kim highlights is that often it is only by stepping outside of their professional roles that staff workers can deliver a caring and supportive service to clients in a personalised and humane form.

Churchill (2013) provides a very useful overview of how family support and children's services have fared under the coalition government not only in terms of benefit changes impacting on family life but also in relation to the framing of a policy agenda around the idea of the Big Society. The shift from a social investment strategy, under New Labour, to an approach entirely driven by austerity and deficit reduction, under the Conservative-led coalition government, has led to one of the best examples of what I, following Etzioni (1968), would call 'inauthentic politics': giving the appearance of government responsiveness to

participatory democracy while actually concealing the real contours of a system that is manipulative and which presents the partisan interest in a small state as principle. The relentless pursuit of welfare reform (cuts) and public sector contraction while claiming that the Big Society initiative is aimed at releasing civic energy and mending 'broken Britain', is disingenuous in the extreme. Whatever else the Big Society initiative claims to be, enlivening civil society and releasing the untapped energy of ordinary people to do good and caring work was not and is not its key objective. The juxtaposition of extensive public expenditure reductions with a desire to stimulate civic engagement has created a confusing context in which to develop family support services. Churchill's review of policy clearly identifies the 'inauthenticity' at the heart of the coalition government's policy agenda: reforming welfare in a way that takes little account of the impact of benefit changes on child poverty and family support; rebranding existing funding to give the appearance of a responsiveness to social need while effectively rationalising jobs and services out of existence; largely ignoring the spirit of the Allen and Field reports; and systematically attempting to use the context of austerity as a mechanism to discredit the 2010 Child Poverty Act.

One policy strategy which emerged from the post 2010 Conservative agenda, and is beginning to have an influence on the way some voluntary organisations function, is the introduction of Payment by Results. It has been particularly prominent in the field of criminal justice where the 2010 Ministry of Justice white paper 'Breaking the Cycle: Effective Punishment, Rehabilitation and Sentencing of Offenders' signalled the intention to devolve responsibility for the probation service to consortia of private and voluntary organisations. The Troubled Families initiative, discussed in Churchill's article, provides a brief insight into the impact of Payment by Results on family support services. While the notion of outsourcing is presented as a potential mechanism for strengthening the effectiveness of children services, in reality it creates an environment where funding is uncertain and services may become patchy and fragmented. A common problem for the third sector.

The underlying rationale for these policy developments is that without a major shift of responsibility for delivering social and caring services from the state to the voluntary and

commercial sectors, Britain PLC, and we could add in relation to Kim's piece, South Korea too, will lose international competitiveness because of high taxation, high public expenditure and declining attractiveness as a destination for foreign inward investment. I have argued that there is a key distinction to be made between the existence of a neo-liberal global market system that dominates economic thinking and theory, and which has the quality of being perceived as a disembodied system which acts as an imperative which determines policy agendas and political discourse internationally, and the expedient use of the sui generis character of this system for short to medium term ideological advantage. It has always been a characteristic of those advancing the case for a small state to claim that tampering with the economic imperatives of international market processes will inevitably lead to an unencumbered and mobile capital moving around the global system in search of destinations where they can operate without regulation and without what they consider to be punitive taxation. I have suggested that the empirical evidence for this is not strong because international capital is fairly immobile (see Doogan, 2009). The central reality is that governments do not actually understand how complex economic systems work and that extends to world organisations such as the International Monetary Fund (see Rodger, 2012: 72; Harvey, 2011). However it is ideologically helpful for those who favour a small state to use the advantages that such complexity and uncertainty creates to advance their partisan interest in shrinking the state and, strategically, to promote the third sector as the solution to social service provision in an era of austerity.

The particular issue addressed in my article is how best to conceptualise the concept of the Big Society in this wider economic and ideological context. What is visible today is that the third sector is not only being asked to become engaged in a number of key policy fields in partnership with the state and large commercial organisations like Serco and G4S, but also super-rich philanthropists who wish to engage in social entrepreneurialism that will provide a profitable return for their capital investment in charitable projects. The coalition government want to wean key players in the voluntary sector off state funding altogether and encourage them to raise capital on the open market just like any commercial organisation. For example, this is how the Conservatives see the future development of housing associations. Brandon Lewis, the housing minister, suggested in October 2014 that

he would like to see social landlords withdraw entirely from government capital funding programmes and raise their own capital in order to save taxpayers money (Inside Housing, 3 October 2014). The Big Society has been as much about changing the contract culture of the sector as it has been about volunteering and self-help.

The theoretical argument developed in the article draws on the work of the late German social theorist Niklas Luhmann who remains relatively unread in the UK 23 years after his death in 1991. Luhmann was a student of the American structural functionalist sociologist Talcott Parsons who developed a grand theory of social systems in the 1950s which reflected his interest in order and social stability. While Parsons has frequently been cast as a conservative thinker, Luhmann has transformed systems theory into a quite radical analytical instrument (systems should not be understood in terms of parts which contribute to the maintenance of the whole system to ensure ongoing stability, as suggested by Parsons, rather all social systems should be understood in terms of maintaining their internal integrity and functioning in relation to the environments that impose demands on them and increase complexity for their decision-making processes – they are self-reproducing). It is precisely the *sui generis* character of social systems that Luhmann makes intelligible in pursuit of a science of society. The defining feature of what are often referred to as the advanced societies is the functional differentiation which characterises their institutional structures: institutional systems have evolved with their own internal logic to deal with matters relevant only to the policy fields (environments) for which they have a functional responsibility. The legal system deals exclusively with matters of what is lawful and what is unlawful and claims absolute jurisdiction on all matters of conflict resolution (even the state can be found to have acted unlawfully in a legal state and a prime minister can be forced in law to abandon a policy). The economic system deals exclusively with the payment or non-payment for goods and services and its medium is money. The science system deals exclusively with what is considered to be empirically true or false and its medium is truth. The religious system deals exclusively with spiritual matters relating to what is immanent and what is transcendent and its medium is faith. And the political system deals with government and opposition. There are, of course, societies and political states where functional differentiation does not exist and presidents, and sometimes clerics, determine

what is lawful rather than the courts. However, complex western societies all operate with a system of a separation of powers and differentiated functional systems that operate in accordance with their own internal logic: each system 'observes' the world in its distinctive way and operates always to protect its institutional boundaries from other social systems. Luhmann augmented this insight with an additional concept which he referred to as 'structural coupling' which occurs when two different institutional systems have ongoing and continuous interaction; the structural coupling of the political system and the legal system is the clearest example of how this works. I have argued, beyond Luhmann, that the voluntary/charitable sector in complex societies also constitutes a social sub-system within civil society which deals with meeting social need, or not meeting social need, and its medium of operation is *caritas* (see definition above). The welfare system is different from the third sector because it is a sub-system of the political system which deals with the creation of law to establish criteria of eligibility distinguishing deserving and undeserving claimants. The system of social entrepreneurialism, or what the article describes as neo-philanthropy, should also be differentiated from the third sector because it effectively operates as a sub-system of the economic system because it works through the medium of money and seeks profit. However, crucially, the media through which each system operates are not of equal efficacy, particularly in the harsh neo-liberal economic environments shaping present-day politics and policy. In the real world power and money will typically subordinate *caritas* or faith, or indeed truth, whenever the economic system or political system engage in structural coupling with the voluntary sector. Third sector organisations cannot change the internal logic either of the economic system or the political system, both of which distribute funding and wield power, and must inevitably adjust the medium through which they engage with the economic and political systems. However, as Kim's article suggests, and I discuss in relation to the need for voluntary organisations to become 'polyphonic', voluntary organisations must develop many strategies and practices which shield clients as much as feasibly possible from the full force of the neo-liberal winds blowing through the third sector. The voluntary sector must become adept at facing in different directions simultaneously as increasingly it becomes 'colonised' by the penetration of market principles which will increasingly come to shape and alter its practice. Indeed we may have to think about the third sector in dichotomous terms; a local system of voluntary

and charitable action that quickly mobilises volunteers to provide for a wide range of social needs from hospice shops, children's organisations and community activities, and a national system of large organisations transmuting into hybrids of charitable and commercial businesses whose purpose may increasingly be to provide professional services once monopolised by the state. This is really what the Big Society means.

References

Bishop, Matthew & Green, Michael (2008) *Philanthrocapitalism*, London: A & C Black

Churchill, Harriett (2013) 'Retrenchment and Restructuring: Family Support and Children's Services Reform under the Coalition', *Journal of Children's Services*, 8 (3): 209-222

Doogan, Kevin (2009) *New Capitalism: The Transformation of Work*, Cambridge: Polity

Harvey, David (2011) *The Enigma of Capital*, London: Profile

Kim, Suyoung (2013) 'Voluntary Organizations and new Street Level Bureaucrats: Frontline Struggles of Community Organizations against Bureaucratization in a South Korean Welfare-to-Work Partnership', *Social Policy & Administration*, 47 (5): 565-585

Rodger, John (2013) 'New Capitalism, Colonisation and the Neo-Philanthropic Turn in Social Policy: Applying Luhmann's Systems Theory to the Big Society Project', *International Journal of Sociology & Social Policy*, 33 (11/12): 725-741

Rodger, John (2012) 'Regulating the Poor: Observations on the Structural Coupling of Welfare, Criminal Justice and the Voluntary Sector in a Big Society', *Social Policy & Administration*, 46 (4): 413-431