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PUTTING THE PUBLIC FIRST? RESTRUCTURING THE WEST AUSTRALIAN HUMAN SERVICES SECTOR

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ABSTRACT
Focusing on the social, welfare, and community workers who are employed in public, not-for-profit (NFP), and commercial organisations within the human services sector, this article examines the implications of a recent Western Australian government report 'Putting the Public First', which advocates a further round of public management reform. It explores why the option of outsourcing the majority of state human services activities to NFP organisations, as advocated in the report, raises serious concerns about the quality of service delivery and the conditions of employment for workers in this sector. Drawing on experience from the United Kingdom and Australia, this article explains how this policy will reinforce a shift to a contract culture in the NFP sector that leads to mission drift and role distortion. A central outcome is the further deterioration in the employment conditions of NFP human service workers. This article concludes that, notwithstanding some rhetorical shifts, the present push to transform the human services sector is driven by an adherence to New Public Management principles that, some three decades after their initial ascendancy, remain central to public sector reform processes in Australia.

INTRODUCTION
In September 2009, the West Australian government released a document called 'Putting the Public First' (PnP). Written by the Economic Audit Committee, the document is subtitled 'Partnering with the Community and Business to deliver outcomes'. The report is concerned with the future of public services in Western Australia (WA) and claims that if the WA government acts on the report's 43 recommendations then "in five to ten years the Western Australian public sector will achieve outcomes for Western

Ritchie, D. (2012), *Manly Sea Eagles star Brett Stewart offered $3.5m to quit NRL and join London*


Australians, including the most disadvantaged, that are among the best in the nation and are continually improving" (Economic Audit Committee, 2009, p. II). This is an admirable aim; yet the report is based on a set of assumptions and a form of analysis that make this highly desirable outcome extremely unlikely.

At 200 pages, the report is long and wide ranging in its recommendations for the restructuring of the public sector in Western Australia. In this paper we wish to concentrate on just one of the important questions that the report addressed: outsourcing of human services to the voluntary sector.\(^3\) The subsequent policy position of the Government (Department of the Premier and Cabinet, 2011) followed the PIPF recommendations and built upon the policy of the former Labor Government which referred to the Non-Government Human Services Sector (NGHSS). The nature of these non-government community-based services is defined as those services of a nature intended to address physical or social disadvantage and/or that promote the health and wellbeing of individuals and families.\(^4\) Drawing on this definition, we use the term human services sector to cover a diverse group of workers employed in government and non-government agencies to deliver a wide range of human services to vulnerable and disadvantaged people. More specifically, the human services sector comprises social workers, welfare workers, aged-care workers, and community workers working in public, commercial, and not-for-profit (NFP) organisations (Healy & Lonne, 2010, Connell, Fawcett & Meagher, 2009).

The principles on which the report is built on are known internationally as the New Public Management (NPM) which rose to prominence in the 1980s based on the idea that the public sector was inherently and inevitably bureaucratic and inefficient. NPM theorises that government can be made more efficient and responsive to consumers through the importation of business concepts, techniques, and values. At the level of practice, NPM has been associated with

\(^3\) In this article we use terms such as the Voluntary, Not-For-Profit (NFP) and the Third sector interchangeably. However, we are cognisant of the confusion that differences in the meaning and scope of these terms has with regards to advocacy, policy, and research. For instance, although the term voluntary is commonly used this does not mean that most of an organisation’s staff must be volunteers nor that all or most of its income must come from voluntary contributions. For a discussion of the terms usage in the UK context see Alcock (2010) and Salamon and Anheier (1992).

\(^4\) In 2004, the WA Government published the Industry Plan for the Non-Government Human Services Sector (2004) which further defines the NFP Non-Government Human Services Sector as covering services in broad range of overlapping areas: Health; community services and development; disability; employment and training; aged and community care; family, children, and youth; drugs and alcohol; indigenous; culturally and linguistically diverse; justice; housing; and advocacy.

Our discussion and analysis of the implications of PFP is structured in the following way. After examining the broad NPM framework, we contextualise the implications of PFP policy for human services by providing an overview of a sector whose capacity is already overextended in Western Australia. The article then examines the contemporary experience of NPM policies in the human services sectors in the UK and in parts of Australia other than WA. These cases, indicative of processes of national and international policy transfer, support our contention that NPM principles are neither new nor are their outcomes effective. If the aim is to raise the quality of service provision in the public sector, the evidence that we assess here suggests that the impact of the application of PFP in WA could be very damaging for the quality of service provision, for the people working for the service providers, and for the members of the WA population who rely on those services.

NEW PUBLIC MANAGEMENT

Putting the Public First is a classic statement of neo-liberal free market orthodoxy in general, and its New Public Management prescription for restructuring the public sector in particular. Seeking private sector solutions to what were seen to be public sector problems, NPM demands that the public sector should “steer rather than row” (Osborne & Gaebler, 1992), meaning that governments should facilitate not provide services. Therefore, as well as attacking what were taken to be highly centralised bureaucratic public sector organisations through commercialisation and decentralisation, processes of outsourcing and privatisation came to be seen as necessary ingredients in the process of public sector reform. The separation of purchaser and provider roles, and a preference for small, lean, specialised organisations linked by low-trust contractual relationships, was argued to enable the formation of market or quasi market discipline through the choice or exit of service purchasers or, in some cases, consumers (for instance, service users). Parsimony of resource allocation was to be accompanied by an emphasis on specifying outputs and measuring performance; budgetary and personal authority were to be decentralised to line managers held accountable through public sector league tables and performance-related pay (Lyons & Dalton, 2011). However, decentralisation, outsourcing, and privatisation also allow the political risk of failure of service provision to be passed down to a growing number of organisations that replaced large scale ones which were formerly responsible for integrated processes (Rainnie & Fairbrother, 2006).

While it is possible to speak of a globally available NPM-archetype, NPM is a set of principles and not a precise guide to action. Some NPM advocates
argued that the drive to entrepreneurial government was inevitable and following a clear direction as set out in the Anglophone world; others went further and argued that it was a global phenomenon (Osborne & Gaebler, 1992). Yet, although organisations such as the IMF, the World Bank and the OECD all argued that there was no alternative to public sector reform and specifically advocated NPM initiatives, a simple international convergence in public management reform has not occurred; rather specific policy ensembles have been variegated and displayed the history of institutional path dependence (Pollitt, 2001; Maor & Jones, 1999). The political, cultural, and ethical bases of public administration in Germany or France, for instance, have been argued to be less susceptible to the adoption of varieties of NPM (Bach & Bordogna, 2011; Pollitt & Bouckaert, 2011). Nonetheless, Australian governments have been deeply interolved in processes of NPM policy experimentation and the inter-jurisdictional transfer of market-based approaches across the Anglophone states (UK, US, Canada, New Zealand). As Lyons and Dalton (2011, p. 238) point out:

During the 1980s Australian governments — both state and national, Labor and Liberal — gradually embraced the set of beliefs and practices ... known as NPM. This embrace was not without its critics, but it had powerful supporters and transformed the role of government and the practice of governing. It also had direct implications for the third sector.

Since the initial wave of NPM changes within Anglophone states, we have seen the emergence of variations on some of its basic formulations. In particular, NPM discourse has appropriated in PFPF; yet as we pointed out in the introduction, PFPF some of the vocabulary of social welfare and democratic collaboration via language that suggests that outsourcing and devolution should be based on trust, partnerships, and community in a more pluralistic or differentiated polity. For some, this marks a disjuncture between NPM and New Public Governance (NPG), as well as a general shift away from a focus on “markets, principal-agent contracting, and performance controls, to more horizontal, relational governance that emphasises interorganisational networks ... and a broad range of policy tools” (Phillips & Smith, 2009, p. 2; see also Pollitt & Bouckaert 2011; Cunningham, James & Walters, 2011; Osborne, 2006; Adams & Hess, 2001).

Peter Shergold, Chair of the Economic Audit Committee and formerly Secretary of the Department of Prime Minister and Cabinet for conservative Prime Minister John Howard, has argued that a “contractual relationship, based initially on compliance, has the potential to be transformed by collaboration. Third-party delivery has the capacity to evolve into a partnership in which
public and private goals and values become ever more similar" (Shergold, 2008, p.13). This shift to the language of new relational governance or NPG is evident represents in essence a classic statement of New Public Management recommendation for public sector reform and its prioritisation of private goals and values. Nowhere is this clearer than in the report’s stated intention to put all Western Australian human services out to competitive tender to the community sector.

Before we examine the evidence of the effects of processes of outsourcing and contracting to the NFP or the so-called Third sector in the next section, it is important to make explicit the connection between NPM public sector reforms and private interests in wider changes in the economy. Although a mythology of privatisation and outsourcing promoted through NPM often suggests that small, flexible, and responsive organisations would replace public bureaucracies, the reality is that it was often giant private sector firms or national NFP organisations that replaced local public service provision. The issue was not one of bureaucracy per se, but rather public versus private control and the creation of new areas for investment.

Underlying all this was the greater financialisation of the economy and society. Here we take financialisation to mean the greater autonomy of the financial sector, the proliferation of financial institutions and instruments, and the integration of a broad range of economic actors in financial markets (Callinicos, 2010). In a major work examining the global auction of public assets, Whitfield (2010) has argued that:

> Financialisation, commodification and marketisation are creating a global wealth machine to further exploit public needs and resources. Transnational construction, energy and service companies, banks, management consultants and law firms, aided and abetted by governments are turning schools, hospitals, prisons and roads into commodities which are bought and sold globally (p. 14-15).

What is emerging is a new sector, the privately provided public service sector. Furthermore, Rafferty and Yu (2010) point out that in this more brutal, market-oriented world, governments and corporations have increasingly loaded the responsibility for bearing financial risk onto employees and households. Increasingly households are bearing the costs and risks associated with, for example, pensions, accommodation, health, education, and transport. The International Monetary Fund (2005) has described households as the shock absorber of last resort, and risk is being transferred by both the state and corporations to households. This is why NPM seeks to redefine people from
being citizens in democratic organisations to individual consumers of goods and services. A review of national and international studies indicates that a central outcome of the expansion of the NPM purchaser–provider contractual relationships to NFP human services organisations is the further deterioration in the employment conditions of workers.

Notwithstanding rhetorical shifts towards collaboration, governance, and networks, the changes associated with NPM public sector reform have been happening for long enough for us to be able to examine the evidence of its impact (O’Donnell, O’Brien & Junor, 2011; Lyons & Dalton, 2011). In the next sections we draw on the experience of the UK in particular and other parts of Australia to paint a picture of what is already happening around the world, has started to happen in WA, and will continue to grow unless checked.

NPM AND THE VOLUNTARY/COMMUNITY SECTOR IN WESTERN AUSTRALIA

Before we examine the evidence from the UK, as well as NSW, Victoria, and WA itself, it is necessary to provide a brief contextualising overview of the Western Australian voluntary and community sector involved in human services. Consistent with national and international trends in public sector reform, an important development in WA has been a move away from providing grants to the NFP sector and towards competitive tendering and contracting for the delivery of community services (Domberger & Hall, 1996). The process of outsourcing of human services to the NFP sector, whilst not entirely new, took significant steps forward following the New Public Management position adopted in the Burke Labor Government’s ‘Managing Change in the Public Sector’ (Burke, 1986), and the Court Coalition Government’s ‘Independent Commission to Review Public Sector Finances’ (McCarrey, 1993). The McCarrey report identified in total $1.2 billion of services suitable for contracting, and the Government subsequently noted that “there is little in the public sector not already being done in the private sector. Most functions can be performed outside the public sector and should be considered for competitive tender” (Ministry of the Premier and Cabinet Western Australia, 1994, p. 6). Consistent with this policy position, public sector agencies increasingly used competitive tendering and contracting for the delivery of community services. By 1997-98 the Government was contracting out the majority of WA community services to NFP organisations (Auditor General Western Australia, 2000, p. 13). However, in reviewing the competitive tendering and contracting processes, the Auditor General of WA noted that for over 70 per cent of the NFP organisations surveyed, government agency funding failed to cover the costs of service delivery. NFP organisations found the administrative costs and accountability processes burdensome and were forced to reduce services or subsidise the cost of delivering services (Auditor General Western Australia, 2000).
In 2002, the Gallop Labor Government sought to address the limitations of what it described as “pseudo, commercial, contracts and accountability” and market-based competition of government purchaser-provider contracts (Department of the Premier and Cabinet, 2002). Characteristic of Third Way politics internationally, the Government Funding and Purchasing Community Services (FPCS) Policy 2002 was marked by an embracing of the community sector and a shift of rhetoric towards governance based on mutually respectful relationships and away from low-trust contracting. While the policy retained competitive tendering for some services, it introduced preferred service provider arrangements (potentially including for-profit providers) and common service agreement documentation. Through the ‘Industry Plan for the Non-Government Human Services Sector’, the Labor government attempted to recognise the contribution of the non-government sector and establish with it a whole-of-government agreement. The plan sought to engage NFP organisations and their representative peak bodies in the planning, implementation, monitoring, and evaluation of publicly-funded community services. It also sought to establish the base level infrastructure and build the capacity of the sector (Industry Plan for the Non-Government Human Services Sector Working Party, 2004). In part this was done by introducing an indexation policy in the 2004/05 state budget to guarantee the annual indexing of wages and costs, as well as enhance the stability of the sector (Department of the Premier and Cabinet, 2004). Western Australia was the first state in Australia to develop such a policy. In a revision of the policy in 2007/2008, the Government noted the importance of expanding wage cost indexation given that between 80-90% of service delivery costs were associated with wages and salaries (Department of the Premier and Cabinet, 2008).

As Melville (2008) notes, it was telling that the government’s policy conceived of the NFP organisations as an industry; a position that underscored the conception of the working relationship between the state government and the sector. Yet, despite the new rhetoric of relational governance, at the time the peak body, the Western Australian Council of Social Services (WACOSS), was critical of the direction of funding arrangements. Rather than ensuring efficiency and effectiveness, competition and the corporatisation of the sector would, according to WACOSS, prove detrimental to the community by diminishing diversity. WACOSS argued that replacing core funding with contracting silenced many NFP organisations in the community sector, and was instrumental in the amalgamation of such organisations as they tried to retain funding and attract preferred service provider status. Additionally, such contracting was seen to “reward large, corporatised entities and has pitted agency against agency in the fight for resources” (WACOSS, 2006, p. 4, cited in Pugh & Saggers, 2007). As opposed to seeing NFP organisations as service
providers, WACOSS argued that: “The sector serves a broader social, economic and political role in the community ... one of civil renewal and engagement, the development of social capital and creation of strong cohesive communities” (WACOSS, 2006, p. 5, cited in Pugh & Siggers 2007).

The concerns, already present in WA, about the unsustainable conditions in the sector and the transformation of organisational forms, underpins our argument that putting all Western Australian human services out to tender to the community sector would, in all likelihood, have negative consequences for both public sector and community sector workers, as well as for community sector organisations themselves. Most importantly, the implications of these changes could be disastrous in regard to the quality of service delivery in these vital care sectors. As Morris (2009), the present CEO of the community care organisation Baptistcare WA, argued “social policy workers should be concerned if delivering services to vulnerable citizens such as children, the aged and people with disabilities, creates another vulnerable social group: the workers employed to care for them” (Morris, 2009, p. 33).

Speaking at the 2010 WA Chamber of Commerce and Industry (CCI) Workforce Summit, the CEO of the Brightwater Group, another community care organisation in WA, argued that in current and coming labour market conditions, the contemporary model of employment in both for profit and not-for-profit aged and community services is unsustainable (Flett, 2010). Business as usual, she argued is not an option. It is our contention that the implications of the move to contract out care services to the NFP sector will exacerbate rather than ameliorate current problems. Furthermore, 65% of not-for-profit organisations reported an increase in workload in the immediate aftermath of the Global Financial Crisis with 83% expecting an increased workload in 2009-10 (Western Australian Council of Social Service, 2010).

In WA, the NFP community services sector associated with Human Services covers around 550 organisations and 36,000 staff; most of which are women. Workers are low paid, with the average cost of employing staff in the Department of Child Protection being 35% higher than staff in the community sector. The rate of unionisation in the sector, which is around 15%, is low. In the 2011 State Budget, the WA government announced significant funding for the voluntary sector in an attempt, inter alia, to narrow the pay gap between not-for-profit organisations and the public sector. At the same time the Federal government was announcing significant backing for an equal value initiative for care workers on Federal contracts. However, it is our contention

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5 The two principal unions operating in the sector are the Australian Services Union and United Voice.
that, these initiatives do not confront a core problem: the impact that becoming more businesslike has had and will continue to have on the nature of the NFP sector. This is a central element in the PtPF recommendations.

FROM GRANTS TO CONTRACTS

In setting out their vision, the Economic Audit Committee (2009) produced a classic formulation of New Public Management:

> The public sector will increasingly act as a facilitator of services, rather than a direct provider, with all areas of service delivery opened to competition. ...An increasing number of ... community sector organisations will have the opportunity to develop as social enterprises, run along business lines (p. 1).

The last element, to be run along business lines, is just as threatening to the delivery of care services as the threat of a move toward a contract culture. In Australia, at no time have governments provided the majority of community services; relying instead on charities and not-for-profit organisations funded by a mixture of philanthropy, subsidies, and government grants to provide welfare services. As Lyons and Dalton (2011) point out, since almost the beginning of European settlement in Australia, non-profit organisations have been the main providers of social services, including aged care, child care, and services for people with disabilities. In moving toward an NPM driven agenda, governments have sought to establish competitive markets; subsequently creating a new relationship between funder and provider (Carson & Kerr, 2010). The process that PtPF advocates has therefore been underway at Federal and State level for some time across Australia (Butcher 2011; O'Donnell et al., 2011; Lyons & Dalton, 2011; Melville 2008), but PtPF, if introduced, would radically accelerate the process in WA. Already, researchers in Australia have concluded that this process of developing contrived markets through a contract culture changed the way that NGOs operate, becoming more bureaucratic, hamstrung by rigid deliverables specified as a condition of funding, and operating under the pressure of short term or one-off contracts (Carson & Kerr 2010).

According to the Economic Audit Committee (2009), following NPM orthodoxy, the public sector is taken to be bureaucratic and inflexible in nature, as well as being neither efficient nor effective. It is seen as incapable of policy development, and imposes burdensome regulation on community sector organisations. These failings are asserted with little or no substantiating evidence. On the other hand, they regard the community sector to bring the strengths of social mission, public purpose, and empathy to the interests of those they serve. No mention is made of the wage differential (around 30%)
between public and private and not-for-profit care workers. However, the drive behind the restructuring is more than hinted at when the Economic Audit Committee (2009, p. 138) argues that “the unsustainable rate of employee-related expense growth ... will need to be curbed to ensure that state’s financial sustainability”.

In other words, the main driver is financial rather than any real concern with the quality of service delivery in the care sector. If we examine the UK experience, where this process has been underway for longer and more extensively than in Australia, we can see worrying trends emerging.

**THE UK EXPERIENCE**

The introduction of quasi markets was highlighted by a move from grants to a contract culture started in the 1980s under Margaret Thatcher, but was accelerated under Tony Blair and New Labour in what has been described as an all party love affair with the voluntary sector (Davies, 2011; see also Cunningham, 2008; Taylor, 2012). As Taylor (2012, p. 20) argues, New Labour’s growing recognition of a voluntary and community sector, as well as the transformation of relationships within this sector and between the sector and the state, was driven by a policy orientation in which “communities were seen as major partners in [the] government’s emerging agenda for radical service reform, providing a voice for the consumer, monitoring services and acting as an alternative provider to the public sector”. Three significant developments marked this policy orientation: the method of funding the voluntary sector (the growing importance of a contract, rather than a grant, funding model); the scale of the funding; and the range of provision opened up to tendering from the voluntary sector. Relational contracting in the Third or NFP sector was undermined by the contract culture’s focus on increased levels of performance and efficiency. In particular labour, as the single largest overhead, was subject to shifts in employment conditions, with pressure to make work more precarious, casualised, and deskill. Such shifts particularly affected the employment conditions of women in the sector.

The dramatic changes to public service delivery implemented by the Conservative Cameron government, post the Global Financial Crisis, are set to exacerbate these trends including the co-option by the state of community resources and energies, endangering the distinctiveness and independence of the community voice. The proportion of voluntary sector organisations delivering public services has dramatically increased and rose from 20% to 31% between 2008 and 2010. The temptation to seek or accept funding which compromises independence may be all the greater at a time when survival may be at stake.
The New Labor government championed the role of voluntary and community organisations as advocates for providing a voice for local communities. Yet, too close a relation to government(s) tended to compromise both organisational independence and the advocacy role, particularly when chasing contracts. In essence, there was a sense that organisations could not criticise government; indeed contracts specifically forbade criticising government policy. It seems that the role of being a voice for the voiceless depends, to a large degree, on independence (Smith & Pekkanen, 2012; Cairns, Hutchison & Aiken, 2010). A 2011 report released by the Panel on the Independence of the Voluntary Sector (2011, p. 2) warned of a “blurring of boundaries” between the public, private, and voluntary sectors which could dilute the independence of charities, and lead to some of them becoming “fearful of using their voice”. The panel referred to indirect and sometimes direct pressure towards self-censorship and noted that, under government contracting programs, voluntary organisations have ended up as sub-contractors to private sector companies with limited influence over the quantity or quality of their work:

Over a number of years, concerns have focused on the potential impact of government funding, as the voluntary sector has delivered more public services and increasingly been funded through tightly drawn contracts. There is the risk that voluntary bodies become mere delivery agents, lacking independence of action or voice and being diverted from their purpose. (Panel on the Independence of the Voluntary Sector, 2011, p. 2).

There is always a potential chilling effect when organisations that need to have an advocacy role receive funding from those responsible for policy and decision-making in that area. Fear of losing funding, now or in the future, can be a real threat to independence of voice. (Panel on the Independence of the Voluntary Sector, 2012, p. 20).

One of the panel members, the former head of the United Kingdom’s Disability Rights Commission (DRC), pointed to the drift towards charities being funded by contracts for service-provision, rather than by government grants, and warned of the ‘temptation to dilute your principles to ensure survival’. He said: “It seemed to us that quite clearly there is a risk to independence of some of the activities that these charities are engaging in”. He accused the government of forcing charities that signed such contracts to promise not to criticise government policy (Government gagging clauses “are threatening independent voices” 2012).
The outcome, as this process developed, was that organisations that previously had cooperative relationships found themselves increasingly in competitive and often destructive relationships. Small and often local organisations found themselves disadvantaged in a growing competition with larger, often national organisations. These large organisations were also more able, and more willing, to become more businesslike as funders increasingly demanded. Furthermore, a growing tendency to aggregate contracts favoured larger organisations that could reap the benefits of economies of scale. However, as organisations increasingly focused on the process of competing for contracts, two symptoms emerged: mission drift and role distortion. Mission drift refers to losing sight of the purpose of the organisation’s existence; that being a focus on quality of service delivery and on the client, with a growing concentration on the process of contract tendering. Role distortion refers to the internal effects on organisations as the activity of individuals is increasingly focused on the tendering process to the detriment of activities such as advocacy (Cunningham, 2008; Charity Commission, 2007; Davies, 2006). As we will see, all these damaging tendencies have already been identified in the Australian experience (see Lyons & Dalton, 2011, pp. 247-8).

Cunningham (2008) argues that the increasingly prescriptive nature of contracts from governments regarding internal issues such as organisation, management practice, and quality assurance, leads to what he describes as coercive institutional isomorphism; which follows the new institutional theory of DiMaggio and Powell (1983). This simply means that there is growing pressure from funding bodies for organisations to adopt structures, working practices and rules that not only mean that community organisations increasingly resemble each other, but also that they increasingly come to resemble private sector organisational structures; threatening the very uniqueness that the community sector is supposed to represent. Furthermore, such moves militate against relational contracting forms driving towards more arm’s length financially driven relationships between purchaser and provider. The Panel on the Independence of the Voluntary Sector (2012) similarly note that the growing use of consortia arrangements involving different organisations, often led by the private sector with voluntary sector subcontractors, is also hastening processes leading to isomorphism.

All these factors were exacerbated by the necessity for repeated retendering for contracts and further ratcheted up by funders being unwilling to fund contracted services at the same rate as they were provided internally; subsequently bringing a pressure to cut costs (Cunningham & Nickson, 2011). This pressure was further increased by the demand for increasing ‘efficiency savings’ as contracts were retendered. As labour costs amount to at least 50% of total costs across the sector, it was usually at the level of labour that savings
were made. Historically in the UK, there had been a link between wage levels in the community and government sectors. This came under pressure and finally broke, creating a gap that particularly affected women in the community sector. The pressure points were working time (shorter contracts for part-time workers and longer often unpaid hours for full-time staff), work intensification, job security, deskilling, casualisation, and increased incidence of workplace violence (Baines, 2010; Baines & Cunningham, 2011; Ridder, Plening & Baluch, 2011).

Despite pressures from funding bodies toward increased professionalisation, there was an increasing tendency towards fragmentation and simplification of tasks and a greater reliance on semi- or unqualified staff. Staff levels of commitment, though high, were not infinitely elastic, and loyalty was found to be fragile in the long term; reflected in growing turnover and a commitment of staff to other jobs but declining commitment to the organisation (Cunningham, 2010).

In a report on Third Sector provision of services in England, Davies (2007) supports the contention that the involvement of the Third Sector in public service provision is a revolution every bit as far reaching as the privatisation of nationalised industries under Margaret Thatcher. Even more worryingly, Davies (2011; 2008) quotes the Director of Public Services at the Confederation of British Industry from the British Chamber of Commerce and Industry (the employers’ peak body) describing the voluntary sector as “the weapon of choice for those engaged in the ongoing battle over public service reform”. In this sense, Davies questions whether the Third Sector — with the redefinition of public services as those paid for but not necessarily delivered by the state, and while remaining relatively weak and vulnerable to larger prime contractors in the private sector — is potentially provided cover for the marketisation and privatisation process.

OUTSOURCING AND THE AUSTRALIAN NOT-FOR-PROFIT SECTOR
McDonald and Charlesworth (2011) argue that new rationalities of a businesslike culture (such as economy and efficiency) are increasingly clashing with older rationalities (such as social justice), leading to a progressive decoupling of the two rationalities. The authors have investigated this notion over the last 30 years of bringing the community sector in from the margins to the centre of policy, as well as the way policy has changed towards the direction of NPM. A study carried out for the UTS Cosmopolitan Civil Societies Research Centre (Green, 2009) tracked a shift in appointments at the senior level of the community sector from people with experience in the sector or service, to a search for managers with a corporate background.
Despite the size and growth of employment within Australia’s NFP sector, it remains one of the lowest welfare spenders in the OECD countries; this is largely because its female workforce is very lowly paid. After 20 years of practice, governments have learned how to engage in procurement with the NFP sector in ways which curtails autonomy and dictates, in specific terms, the nature of interventions to be undertaken. Furthermore, following the classic tenets of NPM in these circumstances, the political risks associated with failure are shifted from the state to the NFP sector.

Referencing the Queensland Industrial Relations Commission (QIRC), McDonald and Charlesworth (2011) acknowledge the following: the devaluation of care work being put down to the supposedly inherent caring skills of women; care work being perceived as a vocation and not an occupation; the evolution of volunteering; and the commitment of workers that have led to the compensation of unpaid labour caused by underfunding. The old and new funding structures therefore lie at the heart of the poor pay and working conditions in the sector. The QIRC also echoed evidence from the UK regarding the increasingly precarious, casualised, and deskilled nature of work in the sector that subsequently has direct consequences for recruitment and retention.

McDonald and Charlesworth (2011) conclude that:

We know that the sector is large, we know that it is growing; we know that it has trouble attracting and retaining suitable staff. If we add into the mix the inevitable rise in the demand for care work associated with the rapidly aging baby boomers, we suggest that the sector as it currently stands will not be able to cope (p. 198).

NSW
A 2009 report on labour dynamics in community services in New South Wales, commissioned by the NSW Department of Premier and Cabinet (Cortis, Hilferty, Chan & Tannous, 2009), reported high levels of labour turnover, low pay, high case loads, low preparation and training, and lack of organisational support; making both the work unattractive and workers susceptible to stress and burnout. Focus groups identified a number of factors that threatened the motivation of the NGO community service workers, including: inadequate levels of funding; regulatory clauses in funding contracts that tied organisations to rigid service models; the shift towards quantifiable targets in human services; and inconsistent and onerous accountability and reporting requirements. Other factors affecting workforce sustainability include low pay,
lack of pay equity with government sectors, limited career progression, and the impermanent nature of employment due to short term funding contracts.

Baines, Cunningham and Fraser (2010) argue that, in general, NPM drives forms of restructuring that make procedural/formal kinds of employee participation particularly vulnerable. In their Australian case study, workers felt that they had been frozen out of decision making and that their core knowledge was denigrated and marginalised. Moreover, in a NSW study of employee voice in the residential aged care sector, Kaine (2011) suggests that internal organisational regulation is expressed through the operation of managerial prerogative; with little in the way of countervailing pressure from union organisation or other forms of voice.

WESTERN AUSTRALIA
Writing in 2009, Morris (2009) argued that the sector was starting from a very low base. The labour intensive nature of care work consists almost entirely of the service interaction between the care worker and the service user. Pay and working conditions for women were already poor, highlighting that gender discrimination was evident at all levels. Low pay and poor working conditions did not provide sufficient incentive to increase the quality of services through better trained employees as professional growth and education adds to costs (Morris, 2009).

Morris (2009) concluded that:

Leadership decisions are made on the priority of organisational financial survival, and government contracts, while gendered discrimination by charities of their employees and clients, with its religious endorsements, cannot be ignored. This narrative suggests that the economics of charity have hollowed out the care; it exists, but the experiences are transitory and discriminatory; and the ethics of care are illusory. The veneer of charities is wearing thin, and female voices describing a female values-based ethical caring are falling silent, buried under discriminatory experiences, displaying a lack of congruence between the larger narrative of sacralisation of care versus economic survival. The dominant story is of a corporatised, economics-driven sector, where leaders are promoted on their ability to run businesses that happen to be charities (p. 43).

A WA study on low pay in aged care work (Palmer & Eveline, 2012) argues that the vocabulary of virtue around care work requires care workers to be self-
sacrificing. Skill therefore becomes invisible and not financially rewarded. The authors conclude that:

...aged care employers are restructuring the composition of the workforce. Registered nurse work is being shifted to enrolled nurses and in turn being passed down to PCAs (Personal Care Assistants), with the proportion of each group increasing or decreasing accordingly. Drawing on the familial care logic and its privileging of women’s maternal role, the employer shapes the cheaper, less skilled PCA as an acceptable substitute for a workforce skilled through formal and technical credits. (Palmer & Eveline, 2012, p. 263).

Work is defined in terms of love rather than labour. At a time of acute labour shortages in WA, deprofessionalising is a response that can only work if a discourse can be constructed about the relationship between skill, quality, and reward that is informed by love and not money. The argument becomes that quality care comes from selfless devotion rather than from professionally accredited skill.

As we noted earlier, the WA State Government did provide extra funding in the 2011 Budget, but only provided about two-thirds of that requested and it was not linked to wages. However, the philosophy underpinning ‘Putting the Public First’ and workforce restructuring threatens to undermine all the potential good that extra funding might bring.

Baines et al (2010) provide a summary of the effects of NPM on voluntary social services in Australia and Canada which well captures the developments in Queensland, NSW and WA:

Though the putative intent of outsourcing was to make services more democratic, participatory, and responsive to the needs of communities, evidence suggests that neither service users nor employees have seen much improvement. ...For workers, shifts from public to voluntary service provision saw the introduction of cost-cutting measures and efficiencies that eroded their capacity to speak for and with the communities they served. ...Demands for accountability and inadequate resources placed pressure on non-profit agencies to adopt managerialist approaches, such as NPM. ...Claiming to coach employees in ‘best practices’, managerial models script and quantify performance in order to cut costs and reduce waste (p. 332).
CONCLUSION

As early as 1991, Tuckman and Chang (1991) commented that the importance of NFPs economically and socially was widely recognised in areas such as employment creation. This achievement occurred without recourse to market forces, the imposition of quasi-markets, or re-organisation of the NFP sector. Nearly twenty years later, the Productivity Commission (2010) of Australia argued that community organisations play an important role in combating social exclusion and enhancing the economic, social, cultural, and environmental wellbeing of society. It would seem that implementing ideologically driven policy affecting a sector of such importance will put at risk present achievements and place the most vulnerable in society at the mercy of theoretical economic doctrine; rather than allowing those same people the safety of what has worked and been recognised to work as recently as the Productivity Commission report.

Bush (1992) argued that in order for NFP organisations to survive, they must define their mission clearly and they must build cooperative relationships with other NFPs within the sector. Clearly, cooperation, as well as joint planning and work are the “order of the day”, rather than pseudo competition and market based policy. The best outcomes for NFPs, and importantly their recipients, result from cooperative activities between NFP organisations in conjunction with flexibility from government funders. Yet the move to relational governance, in practice, has been accompanied by an emphasis on the process of corporatisation and the establishment of businesslike cultures as per the broader dictates of NPM public sector reform.

Kosny and MacEachen (2010) conclude that the gendered and increasingly invisible nature of work and restructuring in NFP social services means that many workplace hazards in an OHS sense are hidden from view, and workers’ health is also being increasingly compromised (see also Cunningham et al., 2011). Such experience belies the arguments detailed earlier which seek to suggest that in the wake of successive crises, NPM has softened and altered into NPG (Osborne, 2006). Here, stress is now laid on partnership and relational organisation rather than simple competition. However, as Lyons and Dalton (2011, p. 253) argue, the behaviour of governments belies their language. And that behaviour remains firmly rooted in the NPM model.

The NPM-based drive of PttPF puts competition before cooperation and threatens the viability and uniqueness of the NFP sector. The private sector proper will be circling; waiting for profitable areas to be identified and the NFP organisations to fail. This is already happening (Lyons & Dalton 2011). How it plays out in practice in particular sectors and localities will greatly depend on
the previous history of the particular place, and crucially how much opposition it faces.

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NOTES TO CONTRIBUTORS

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