Innovation, collaboration and co-production: NGOs as ‘boundary riders’ between civil society and the state.

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The issue of how third sector organizations are changed through their increased contracting with the state to deliver human services is by now a familiar theme in the scholarly literature in Australia, as elsewhere. Not-for-profit community services organisations (NGOs) have been one of the fastest growing areas of employment in Australia over the past two decades, as a consequence of governments adopting a New Public Management model (NPM) that includes contracting with NGOs to deliver human services. Unlike many European countries, this is not so much outsourcing or privatisation per se, because from colonial times Australian Governments have relied on charities and associated NGOs funded by a mixture of philanthropy, subsidies and government grants to provide welfare services. Nevertheless, Australian government’s widespread adoption of NPM has meant that governments have changed their approach to funding human services by awarding contracts to providers "because of what they can do rather than what they are". The literature routinely canvasses how NGO receipt of government resource streams for service provision can:

- lead to goal displacement through agency diversion of service delivery resources to support preparation of bids for tenders and accountability-driven reports
- be in tension with roles as guardians of fair and equitable values that underpin civil society and advocates for the groups with whom they work.

While we acknowledge these issues, in this paper we explore the implications of marketisation for NGOs achieving goals of collaboration between agencies as co-producers of a sustainable community services sector, and as innovative co-producers of social capital with their constituencies. This then draws into sharp relief the impacts of prevailing contractual relationships on NGOs as they aim to support a strong civil society through work on the boundary between civil society and the state.

The paper will draw on empirical findings from two studies into the community services sector undertaken in South Australia in 2007 and 2009. In the 2007 study, 300 agencies broadly representative of the 1,000 agencies in the sector in South Australia responded to a survey that explored issues of agency development, innovation and sustainability. The implications of these issues for four selected sub-sectors: i) Aged Care; ii) Disability Services Agencies; iii) Community and Neighbourhood Houses, and; iv) community-managed Child Care agencies, were then explored in detailed case studies, interviews and focus group discussions. In the 2009 study, surveys, interviews and focus group discussions were used to gather data from third sector providers who were delivering services specifically for Families and Children. In both studies, all agencies were receiving their funding either in total or primarily from governments and all had funding contracts with the state. In the 2009 study, the agencies were all working in particularly disadvantaged communities.

There are three main strands of analysis and findings that emerge from these studies.

First: We document the “catch-22” situation whereby agencies are encouraged to make a case for their capacity to innovate, as a precondition of receiving contracts, but we find that the scope of innovation is constrained by the terms of the contract specification of service delivery outcomes.
Second, we find imperatives to collaborate are ultimately instrumental and pragmatic rather than mission-based as postulated in the partnership literature and rhetoric.

Third: we identify a paradox in that government policy documents and related funding contracts increasingly emphasise that program objectives should ‘contribute to developing community capacity’ or ‘strengthen social capital’ – but by having to ride on the boundary, NGOs are restricted in the extent to which they can adopt strategies and approaches that could foster these.

In analysing the data from these studies through the organising principles of community development and organisational theory, we are able to present key empirical findings regarding the tensions, challenges – and opportunities – for NGOs as a result (at least in part) of their contemporary contractual arrangements with the state and subsequent position as ‘boundary riders’.