

Submission: Productivity Commission Inquiry into the Not for Profit Sector

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I welcome the opportunity to contribute to the Productivity Commission Inquiry as I have researched and published on the topic of volunteers and the Nonprofit sector over the last decade, with a focus on health services in particular. The views I present here are my own and not those of my employer. I focus on three review topics.

1. Assess current and alternative measures of the contribution of the not for profit sector and how these can be used to better shape government policy and programs so as to optimise the sectors contribution to society.

The Nonprofit sector contributes broadly to society and attempts to measure this contribution are worthwhile and will be supportive of the sector^{1,2}. Attempts to harness this contribution however, risk alienating volunteer labourers and are likely to misunderstand the cultural drivers of the Nonprofit sector. Facilitation and co-operation therefore should be key when developing the government/Nonprofit interface.

Any measurement of Nonprofit contribution should include three elements. Firstly the value of volunteer labour in the Nonprofit sector should be measured. The broad ABS data is a useful guide, but Nonprofits themselves need better information. The contribution of the workforce is generally unknown, which makes planning and future proofing difficult³. Both a measure of the numbers of volunteers, plus the value of their labour contribution is necessary for understanding the value of the sector. This information will help not only governments but also help Nonprofit organisations to value their volunteer workforce and to understand the costs/benefits of supporting a volunteer workforce.

A second measure of value should include the financial contributions made by volunteers who receive no, or inadequate, reimbursement for travel, communication, training, and other expenses. These volunteer contributions can lead to an underestimation of the cost of services, particularly in rural areas where volunteer services may replace services that are paid for in urban areas³. Other sectors have found these costs to volunteers to be significant⁴ and they are a deterrent for volunteers in lower socioeconomic groups.

Thirdly training and skill development that Nonprofits provide to volunteers are a further valuable contribution from the sector, one that provides a cumulative social good. For example, emergency services provide first aid training that improves the capacity of individuals to provide emergency medical assistance long past the time that they may volunteer⁵. More broadly it has long been known that Nonprofits provide a training ground and entry point for citizens' participation in social and community life and paid employment⁶. A 2008 study of Tasmania's rural volunteers '*Sustainability of Rural Volunteers in Tasmania*' (investigators Dr C Stirling, S Crowley, Dr P Orpin and Assoc Prof S Kilpatrick in partnership with Volunteering Tasmania) found this still to be the case. Mutual obligation volunteers were not excluded from these benefits and if carefully selected, could find an avenue into employment or community life through volunteering. There are three papers in the process of being published and a project report from this study that could be made available to the commission if required.

2. Examine recent changes in the relationships between government, business and community organisations and whether there is scope to enhance these relationships so as to improve outcomes delivered by the not for profit sector

That government policies and civil society are integrally connected is uncontested. Increasingly the importance of historical, social and cultural factors in this relationship is recognised as is the role of resources⁷⁻¹⁰. Debates of the 1970s and 1980s largely centred on the question of whether volunteers cater for gaps in government service or whether governments cater for inadequacies in voluntary service^{11 12}. Recent case-studies and meso level studies have expanded the debate^{10 13-15}. Increasingly the complexities of government and Nonprofit sector relationships are being uncovered. The style of government and their policies influence the shape of civil society. It is important to acknowledge that power and the struggle for resources influences levels of volunteering. Using a Social Origins approach Australia and the US are said to exemplify a liberal model¹⁶, where modest government spending on social welfare spending is matched by a relatively large nonprofit sector. The class conditions attached to this model include a large middle class that prevents both the wealthy and working classes from dominating the political agenda.

Resources and organisational structures are also essential to a vibrant Nonprofit sector. Social democratic countries have more expressive *volunteering*, encompassing cultural and recreational volunteering which is explained as a product of the support offered to citizen participation groups by social democrat governments¹⁶. Equally there is more service volunteering, encompassing welfare and health volunteering, in liberal countries, which is explained as the result of Nonprofits being more likely to gain support for providing services than for expressive cultural activities. Volunteers do not simply respond to 'too little' or 'too much' government, but instead are influenced by cultural and structural conditions, including those of the organisations that recruit and interface with volunteers.

Local capacity is also an important ingredient in a community's ability to deliver volunteer services. Recent policies that devolve services to volunteer groups in areas of low capacity may actually erode civil society activity and compound rural service inequality^{17 18}. This is because groups need a certain level of capacity to engage with opportunities and because a service volunteer workforce is not organised for advocacy and therefore lacks the agency and resources to meet collective interests². An increased focus on service provision by voluntary agencies can limit their capacity to advocate for social justice¹⁹. Accountability and managerial demands can threaten the participatory democracy component of the volunteer environment. The more hierarchical an organisation, the less likely that volunteers will be able to input into decision making^{2 20 21}. One study²¹ of Nonprofits within the Scottish city of Glasgow, indicated that corporatist welfare Nonprofits disempowered volunteers by losing 'localness'. The shift towards professionalization with the resultant hierarchical and bureaucratic structure was implicated in an increase in the passivity of the volunteers. The loss of local management committees and the centralising of policies removed management decisions from the local context, which moved the decision making processes away from the local context and local volunteers.

Volunteers as a policy solution, misrecognises the agency of service volunteers because in many cases they are closer to a cheap secondary workforce than the powerful agentic groups of social movements²⁰. Perhaps more importantly service volunteers as policy solutions will not be able to redirect social resources and support a more equitable society unless services develop new ways of interfacing with their volunteer workforce². Local volunteer groups need communication channels that work from the bottom-up and that allow volunteers to be 'heard'.

It is not certain that Nonprofits can deliver adequate or equitable services in a competitive environment. At a system level, it is not clear how coordinated services can be delivered by a fragmented Nonprofit sector^{22 23}. Further voluntary agencies do not necessarily deliver equitable services in areas of need, nor do they necessarily deliver increased consumer choice as they may focus on meeting one need or serving one group at the expense of

others¹¹. There is a need for comparative research to evaluate the quality and effectiveness of the use of Nonprofits for service provision.

British case based studies^{24 25} of the effects of neoliberal policies on the Nonprofit sector showed that policies caused a shift in power and decreased independence of those collectives organised by and employing volunteers. The contractual and managerial arrangements established with new public management contracts shifted power away from the small Nonprofits towards government and larger organisations²⁶⁻²⁹. As organisations increase their involvement in government sponsored welfare they gain financial leverage, but lose power and autonomy through government driven administrative and contractual arrangements. One cause of this power shift is 'value drift'³⁰, a move away from the original core goal or value of an organisation, occurring as Nonprofits shift focus in order to access government funding.

Compounding this issue are findings that suggest organisations find it difficult to provide both services and advocacy and therefore when funded to provide services, advocacy diminishes^{11 31}. This has important implications in a policy environment that fosters service volunteering as it suggests service volunteering will increase at the expense of the civic society role of volunteers. Some scholars have suggested that there is a division opening up between grassroots organisations and more corporatist or market driven Nonprofits^{19 32} and that the smaller community organisations are disadvantaged by managerial practices^{27 28 33}.

Recent policy-induced changes are not all negative. The increased professionalisation and accountability of managerial practices is often long overdue³, and some volunteers prefer this style of organisation^{28 34}. There is some anecdotal evidence too that Nonprofits are increasingly resisting the lure of government funds if it threatens to cause 'value drift'. The Nonprofit sector and the government sector complement each other and collaboration is the best way forward, but we need suitable methods for ensuring genuine co-operation between governments and Nonprofits, and between Nonprofits and volunteers. Organisations need to develop decision making structures that allow local volunteer participation to incorporate local concerns in order to avoid the shift away from local concerns towards bureaucratic agendas².

3. Identifying unnecessary impediments to the efficient and effective operation of not for profit organisations and measures to enhance their operation.

As identified in earlier sections, Nonprofits walk a difficult line between formality and informality. The degree of formality must be relevant to the size of the organisation, their primary function, and the level of grassroots involvement. Inappropriate formality for small local groups can threaten their sustainability as participants are turned off by excessive rules and paperwork. Equally, inadequate systems can threaten the capacity and viability of larger organisations. New managerial models are required and improvements in managerial practices with volunteers.

Many Nonprofits could improve their strategic overview for service provision when volunteers are used to deliver services. The underlying cultural and economic reasons for poor strategic overview stem from the invisibility of volunteers in budgets and other formal human resource processes². In a climate of resource competition, organisations can marginalise volunteer services as an easy option for saving funds. Hence, discrepancies exist such as volunteer coordinators being either non-existent or on limited hours^{35 36}, with coordinator to volunteer ratios that would not be tolerated in the paid sector. Economic valuing of volunteer contributions is a first step in improving volunteer delivered health services in hand with appropriate managerial support.

Further information on current management practices within Tasmanian rural Nonprofit organisations is available by contacting Christine.Stirling@utas.edu.au

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