Third Sector In Transition – A Question of Sustainability for Community Service Organizations and the Sector?

Pamela Spall and Diane Zetlin

Abstract

Third sector organizations are transitioning towards entrepreneurial and managerial models as a result of quasi-market strategies. This paper reports on the research findings of a survey of nonprofit disability organizations in Queensland and Victoria impacted upon by quasi-market reform. Enterprising organizations were found to have made substantial change to organizational structures and systems, whilst more traditional organizations made few changes. All organizations demonstrated commitment to a social justice ethos. However across the organizational archetypes there were reports of an organizational 'fragility'. It is argued that the problems of sustainability of community service organizations that existed prior to quasi-market reforms remain. This implies community service organizations will experience ongoing difficulties in the post-market era without further rationalization and change. A conceptual framework for sustainability of the community service sector is presented at the policy and organizational level.

Pam Spall & Di Zetlin
Dr Pam Spall is a Senior Research Assistant and Ms Di Zetlin a Lecturer at the School of Political Science and International Studies, University of Queensland. Their research involves an ARC project looking at the impact of market reform on community service delivery systems, organizations and consumers.

Third sector organizations are transitioning towards entrepreneurial and managerial models as a result of quasi-market strategies. This paper reports on the research findings of a survey of nonprofit disability organizations in Queensland and Victoria and the impact of quasi-market reform. Enterprising organizations were found to have made substantial change to organizational structures and systems, whilst more traditional organizations made few changes. All organizations demonstrated a commitment to a social justice ethos. However across the organizational archetypes there were reports of an organizational 'fragility'. It is argued that the problems of community service organizational sustainability that existed prior to quasi-market reforms remain. This implies community service organizations will experience ongoing difficulties in the post-market era without further rationalization and change. A conceptual framework for sustainability is presented at the policy and organizational level for the community services sector.

Introduction

Sustainability is a concept not often associated with the community service sector. This is curious given community service organizations experience ongoing issues of financial viability and questionable levels of adequate organizational capacity. It is also curious because community service organizations play such an important role as social institutions in building capacity of individuals and community and collective efficacy around societal problems. Perhaps it is assumed that community service organizations don't really have to think about sustainability because government will always be there as a protectorate. Or maybe it is because the third sector hasn't really had a crisis of confidence yet, unlike many industries in the private sector such as the petroleum and mining industries that have been forced to rapidly embrace sustainability. Traditionally, sustainability has been the preserve of the environmental movement but as indicated all that is changing. The dimensions of sustainability embrace economic, environmental and social policy considerations (Harrison 2000). More recently governance has been included as a further dimension of sustainability (RMIT 2002). The process of sustainable development examines the interaction of the dimensions to ensure that the choices that are made, conserve and enhance the community's resources so that total quality of life can be increased now and in the future (Australian Government 1992). On the surface these dimensions and the process of sustainable development would appear relevant to the third sector.

In retrospect, it is regrettable that sustainable development was not considered as a policy approach hand-in-hand with the quasi-market reforms of community service organizations during the 1990's. Quasi-marketisation as applied to the welfare and community services industry involved the implementation of strategies such as the commercialization of services and products (Salamon 1993), the introduction of quality improvement processes and benchmarking (Sedgwick 1995) and the entry of for-profit service providers to the industry (Brown et al. 2000). Other features of quasi-marketisation have included shifts to a performance culture based on results (Boxall 1998) and shifts to markets as the preferred form of governance (Rhodes 1997). Quasi-market policy changes have also involved separating the purchaser and provider roles and the use of legal contracts to specify these new roles and performance requirements (Eardley 1997). The major thrust of quasi-market policy was economic for the purpose of increasing efficiency. A secondary consideration was improvements to

the quality of customer service. Quasi-market reform traded off the policy relationships between economic, social and environmental outcomes. At a programmatic level, the planning of quasi-market strategies largely ignored issues of capacity of the existing service delivery systems and organizational capacity to implement reforms.

Research undertaken that examined the impact of market reforms on disability organizations in Victoria and Queensland found that at best quasi-market reform was a partial success. The research indicated that government policy was to some extent successful in changing and impacting on organizational structures and systems. Some enterprising organizations had undertaken significant reforms around managerial and market strategies but many organizations retained traditional structures and systems for operating. However change did not significantly impact on the organization's value base. This implies that nonprofits' interpretive schema is more robust than initially thought. Furthermore, the research suggests that many organizations have carried forward ambiguous levels of sustainability expressed as an organizational 'fragility'. Whilst this fragility existed prior to quasi-marketisation, the pressures of marketisation have served to heighten these problems. A new framework is required to assess and make decisions about sustainability at a policy and organizational level in the post-market environment. This paper presents the survey results from the research in terms of changes to organizational structures, systems and the value base of nonprofit disability organizations as a result of marketisation. A discussion on the pressures on community service organizations and the ambiguous level of sustainability of organizations will occur. It will be argued that recent policy decisions have not always supported a sustainable community service sector. Further discussion will acknowledge that the enterprise organizational form provides many of the features more likely to equip organizations in sustainable practices in the post-market era. A framework for sustainability at a policy and organizational level is presented, prior to the conclusion.

Method

Data was collected using a postal survey administered to disability organizations funded under the Commonwealth State Disability Agreement (CSDA) in Queensland and Victoria in 2001. The survey contained 42 questions (279 data items) on agency demographics, pressures on organizations, organizational changes experienced, extent of implementation of organizational changes, the agency's values and attitudes towards organizational changes, relationships with other key stakeholders and background details on the manager. The questionnaire was directed to managers or Chief Executive Officers, whilst the unit of analysis for the survey was the nonprofit organization. The measure of change used was the reported response of managers to the questionnaire. Table 1 provides details on the sample frame.

Table 1. Sample Frame and Respondent Return Count.

	Sample Frame Count	Sample Frame %	Respondent Return Count	Respondents %
Queensland	240	42.6	114	44.2
Victoria	324	57.4	144	55.8
TOTAL	N = 564	100.00	n = 258	100.00

Source: (Spall 2003)

Table 2. Ideal Organizational Form Archetypes

	Components	Non-enterprise Archetype	Enterprise Archetype
Interpretive Scheme	Policy Domain	Supports role of state for public good, Opposes neo-liberalism contractualism, Social Justice, Effectiveness (equity outcomes).	Supports role of state for public good, Supports neo-liberalism contractualism, Individualism and rights, Efficiency and effectiveness (service outputs and improved efficiencies).
	Principles of Organizing	Needs based, Service orientation to client, Citizenship through participation, Opposition to user pays.	Consumer choice, Service and product orientation to customer, Citizenship through individualism, Some user pays/commercialism.
	Relationship with State	Coercive role with state, Government subsidiaries.	Mix between coercive and mimic role with state moving to contractual partnership, Independent contractual relation.
	Relationship with Other Institutional Actors	Emphasis on linkages with "like" nonprofit organizational forms, Few elite contacts, Uses political tactics.	Linkages with wide range of other institutions external to nonprofit field, Good elite contacts, Uses a combination of political, organizational and managerial tactics.

	Components	Non-enterprise Archetype	Enterprise Archetype
Systems	Human Resource systems	Little flexibility in human resource systems.	High degree of flexibility In human resource systems, Greater use of flexible staffing arrangements including casualized and contract staff.
	Information/ performance systems including data collection	Limited technical and technology capacity, Limited performance and monitoring systems development	Skilled in technical and technology capacity due to increased need for market information, High performance and monitoring systems.
	Financial management systems	Cost management accounting system, low degree of financial delegation, weak control mechanism for asset management.	Accrual accounting system, high degree of financial delegation, strong control mechanisms for assets.
	Decision making systems	Mix of centralized and decentralized decision making, participatory management, less rational.	Mix of centralized and decentralized decision making, more centralized, participatory management, highly rational.
	Planning System	Little strategic planning processes (non-specific goals).	Highly developed strategic planning processes (clear goals).
	Service Delivery System	Individual and group, Less use of case management and coordination.	Managed care, predominantly individual, High use of Case management and coordination, markets ultimately decide on service mix.
	Quality system	No formal quality system.	Formal quality system.

	Components	Non-enterprise Archetype	Enterprise Archetype
Structure	Sector	Hierarchical and functional based upon vertical communications.	Flatter more organic structures, network communications, based upon contract specifications.
	Internal	Flat, Little flexibility in structure, professional collegiate and administrative hierarchy.	Hierarchical with scope for hybrid, Scope for flexibility of structure depending on task, networks, market-customer based.
	Governance	Participatory model – more rowing than steering.	Executive model – more steering than rowing.
	Legal Status	Nonprofit status.	Nonprofit status.

Source: (Spall 2003)

Organizational typologies (Doty and Glick 1994) were used to test the impact of quasi-marketisation. This method has been effectively used in neoinstitutional theory in examining organizational archetypes and change (Greenwood and Hinings 1993). Two organizational forms or typologies were constructed from the 'reinvention' literature. Table 2 outlines the ideal enterprise organizational model that reflects managerial, entrepreneurial and 'businesslike' behaviours and a non-enterprise organizational form, which is less susceptible to quasi-market reforms.

Standardized scores were computed to enable comparison across variables with regard to the extent to which organizations were in an archetype. After examining the standardized scores to satisfy they met the requirements of normal distribution, the sum scores were categorized into low (33rd percentile and <), medium (33rd to 66th percentile) and high (> 66th percentile). Low enterprise equated to 'non-enterprise organizations', medium organizations represented organizations caught on the institutional cusp between enterprise and non-enterprise, and high organizations were 'enterprise organizations'. To refine the analysis, the file was split at the 33rd and 66th percentile, this ensured that the groups for analysis of variance were of equal size. It is acknowledged that this method does construct the sample somewhat artificially however it is a standard statistical technique. A ranked presentation of scores could have also been used, however it is believed this would have made little difference to the data outcomes.

Impact of Quasi-Market Reform on Organizational Form

Impact on organizational systems

Analysis of variance between the organizational systems of enterprise and non-enterprise organizations found statistically significant results. Enterprise organizations reported high levels of systems change including -

- Greater flexibility in Human Resource Management systems
- Enhanced information and performance systems through the use of technology and benchmarks
- Improved financial management systems including accrual accounting and financial delegation
- Development of marketing systems such as service differentiation and diversification into new markets and income sources

- Highly developed strategic planning processes
- Decentralization of decision-making systems
- Implementation of quality improvement systems.

Impact on organizational structures

Additionally, the enterprise organizational form displayed differences from the non-enterprise organization in organizational structure by being both larger in organizational size and having reduced the levels of hierarchy. However, the enterprise organizational structure was still the more hierarchical organization than the non-enterprise organization possibly a reflection of more employees. It should not be interpreted that non-enterprise organizations had undertaken absolutely 'no change' towards quasi-marketisation strategies in the area of organizational structures and systems. Non-enterprise organizations had implemented 'slightly' and 'very little' market reform. Non-enterprise organizations could be envisaged as being in 'a holding pattern' that displayed significant inertia or resistance towards market change, demonstrating an attitude of 'wait and see' towards the quasi-market institutional approach.

Impact on interpretive schema

It could be assumed that if enterprise organizations have moved so significantly towards more 'market-inspired' structures and systems, this would in turn have shifted traditional meanings and value commitments associated with given activities of the nonprofit organization. A reasonable proposal would be that enterprise organizations are more motivated and directed by the institutional logics of the for-profit sector such as competition, efficiency and the marketplace. The research found that the underlying values of enterprise and non-enterprise organizations remained within the framework of more traditional beliefs in social justice. The research results indicated that both enterprise and non-enterprise organizations displayed no statistical variance for the basket of value commitment indicators around social justice. Organizations were supportive of social justice beliefs; believed that the role of the state was in ensuring the public good; and supported the myth of pure virtue operative (i.e. nonprofits are more ethical, more caring, can deliver better outcomes than for-profits, work in a collaborative and cooperative way) (Salamon 1995). Interestingly, enterprise organizations were statistically different from non-enterprise organizations in their positive beliefs around commercialization of services, partnering with the for-profit sector and management concepts. These findings indicate that enterprise organizations carry some contradictions with traditional nonprofit beliefs. This finding could also imply that enterprise organizations use decoupling to accommodate the contradictions between some beliefs and organizational systems and structures. Non-enterprise organizations demonstrate a greater coherence with the traditional nonprofit value base.

Relationship between Organizational Change and Organizational Fragility

An Australian deinstitutionalization scale was constructed that requested organizations to rate the importance of external and internal pressures on the organization and the extent to which these pressures had influenced the organization to change. The highest frequency variable across all organizations was 'changing government policy and priorities'. Overseas research findings have indicated that changes in government policy

and priorities is the single most important factor to the process of deinstitutionalization, which precipitates organizational change (Oliver 1992). The types of changing government policies and priorities that had the most impact on nonprofits differed between states but surprisingly it was not cost competitive tendering as assumed. The research indicates that although Victorian disability organizations prepared themselves for what appeared the 'inevitable' application of cost competitive tendering (CCT) by shifting towards an enterprise organizational form, CCT never flowed onto Victorian disability organizations. Instead, disability organizations were subject to policy requiring the implementation of quality standards but not CCT (Human Services Victoria 1997). The government policy of most consequence to Victorian organizations was the introduction of a productivity charge. In the 2001 – 2002 financial year, the productivity charge to Disability Services was 4.5 million indicating the considerable savings to be met annually (Public Accounts and Estimates Committee 2002). Even after the Kennett government, the productivity charge still exists, a recent Victorian Public Accounts and Estimates Committee comments

> The Committee is concerned about the Department (DHS) directly passing these productivity requirements on to external service providers. The Committee is not convinced that the Department is adequately monitoring the impact that the productivity charge is having on the delivery of services by providers or appreciates the difficulties that service providers are facing in obtaining 'top up' funding (Public Accounts and Estimates Committee 2002:204).

For Queensland organizations, the piece of legislation mentioned most frequently in terms of impact was the introduction of new Workplace Health and Safety legislation. This government policy was of more consequence than market reforms because this legislation required organizations to legally comply with legislative requirements. The legislation had direct cost implications, including training of staff and changes to community services policy and practice arrangements. These findings about changing government policies and priorities indicate that organizations respond primarily to those external events which are legislated and have direct compliance responsibilities. Failure to comply would incur high legal and financial costs to the organization. These findings are not surprising, more common sense. However, the lesson for policy makers is that for organizations to change, policy directions must be mandated or else change will only be implemented up to a point. This finding was demonstrated in relation to market reforms which were only partially implemented.

Despite there being few mandated government policy changes impacting on disability organizations, the organizations themselves reported feeling under constant pressure. Figure 1 provides the frequency distribution of the ten highest rated variables in terms of pressures on organizations that caused them to change. After changing government policy and priorities, pressures stemmed from managerial and financial functions, increased competition, increased expectations for efficiency, implementation of the GST and a host of other areas. Further analysis indicated that differences existed between Victoria and Queensland in terms of organizational pressures. Victorian organizations rated significantly more highly the impacts of marketisation pressures than did Queensland organizations. 'Marketisation pressures' included items such

as competition, pressure to merge and to establish a market edge through market differentiation of service or product. Queensland organizations rated significantly more highly the importance of internal organizational pressures than did Victorian organizations. The types of variable items in this category included an internal crisis, declining performance, obsolescence and conflict between members and the external environment. In both states organizations rated pressures from environmental factors such as the implementation of performance based systems and the implementation of the GST as adding pressure. Thus Victorian organizations were changing largely in relation to external drivers. It is understandable that Victorian organizations were feeling pressured. The initial pace of reform in Victoria throughout the 1990's was rapid with little consultation to assess the merits of planned change or utilize the expertise of the sector to shape the reform. In Queensland much of organization's experience of pressure was internally driven stemming from financial viability issues, a legacy of historical under-funding of Queensland nonprofit organizations. However the end result is similar, organizations expressed an ongoing difficulty in maintaining service activities in the wake of both internal and external pressures, suggesting an ambiguous state of organizational sustainability. The research findings indicate that non-enterprise organizations were more likely to express difficulties however this wasn't exclusively so with some middle to large organizations that had undergone rapid change and expansion also expressing sustainability doubts. The most public example at this time was that of Endeavour Foundation (O'Dwyer 2002:6), a Queensland based organization but one of the largest disability organizations in Australia, publicly declaring its difficulties in continuing to operate on current funding levels. It is of some concern when organizations of this size are publicly indicating financial viability issues given their significant client population of around 4,500 clients, history and community standing.

Figure 1. Highest rated organizational and environmental pressures that caused organizations to change.
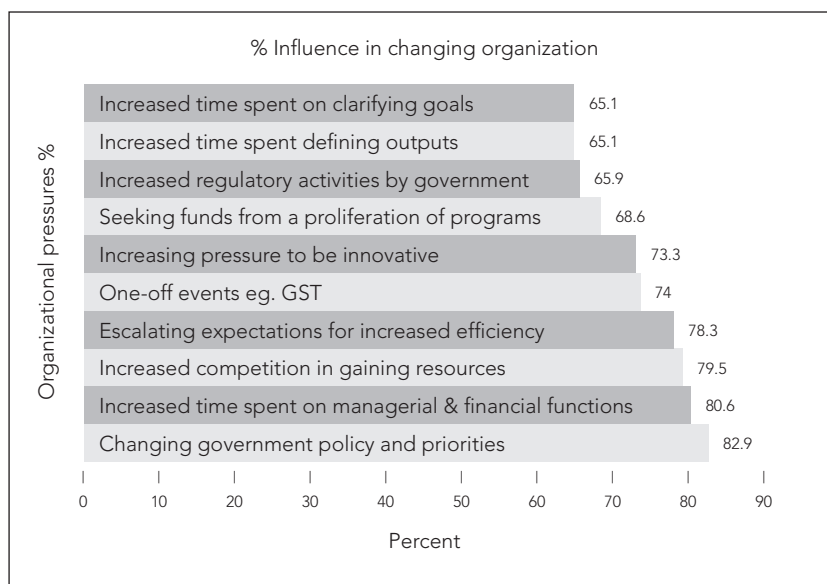
To capture responses from organizations, the term 'fragility' was coined to reflect comments regarding the brittle and easily broken status of organizations. Many organizations from both Victoria and Queensland, enterprise and non-enterprise wrote of a 'fragility' in terms of financial viability, capacity of management committees, capacity to meet compliance requirements including quality accreditation, other performance accountability demands and the impact of the productivity charge. One respondent wrote of their precarious financial situation effected by declining client numbers, inadequate funding for operational expenses and an exhausted volunteer committee -

> …. Level of funding our organization has … had a severe impact on a) our feeling of being valued b) our ability to be able to retain our staff c) the loss of several clients that we had no choice but to hand over to other organizations d) being told to implement "some innovative plans" to obtain assistance for operational costs such as phone accounts, postage by seeking help through local service clubs – these are already stretched beyond the limits in rural areas e) our distance to the larger cities where most seminars/information sessions etc are held causes great stress on our organization for fuel costs …………….. also that the majority of us are either a) carers of a person with a disability or b) disabled ourselves. Thank-you (131 - Queensland).

A respondent wrote about conflict between their organization's value base and decisions made to keep the organization financially viable -

> I do not agree with case based funding it forces management to make decisions based on $ outcomes, not people outcomes. This is against all my values as a person, yet to keep my organization financially viable I will be forced to make these decisions (663 - Victoria).

Another respondent believed the attitude of funding bodies was problematic –

> …….. organizations are virtually being held to ransom by funding bodies – 'take it or leave it'. Someone else will be glad to get this funding and do what they're told. Organizations are being asked to do much more with less. Innovation is not being encouraged or supported. Growth funding is a thing of the past (436 – Victoria).

Other factors identified as contributing to organizational fragility were inadequate funding for organizational infrastructure, the absence of full-cost funding of services and the casualization of the workforce -

> There has been increased-decreased funding across the sector. There have been increased funding opportunities but the individualized funding and support arrangements are inadequate to meet operational, supervisory, training needs etc. Government is offloading its direct service responsibilities (or reducing them) to the NGO sector but in a micro-accountability way and without adequate recognition of the true cost of providing these services or meeting client needs. The rational for this approach is generally couched in consumer/family empowerment language. One outcome of these new approaches is the impact on quality and especially arising from workforce

planning issues including casualisation of the workforce, high turnover of staff etc (261 - Queensland).

Another respondent provides a macro-analysis of Queensland's position and the precarious state of the sector

When Labor came into power in 1998 they signaled the end of competitive tendering and heralded a huge injection of funds into the disability sector. However we note that:
- clients are equated with packages
- services compete for packages
- infrastructure for small community agencies is low and insufficient, therefore organizational planning and human resource investment is frequently not attended to
- larger agencies whose hierarchy is distant from the people about whom decisions are made, are more equipped to compete and to weather organizational crisis
- there is an emphasis on outputs without attention to content and processes
- simultaneously there is faith in processes like policies, forms, tools, assessments, models, technologies which are often value-free which overlook the importance of people qualities and solid content knowledge and skills (862 - Queensland).

A final word from a Victorian respondent on the impact of market reforms

The trend towards marketisation is of major concern. Managerialism in the human services sector has introduced managerial practices such as strategic planning, performance indicators/appraisals, risk management, quality assurance etc which have had a major impact on community services and their capacity to respond to individual, family and community needs in a meaningful and flexible way. Increasing accountability and reporting obligations, the impact of funding reforms, complex legal and industrial matters, increasing pressure for formalization and professionalism, economic rationalism – make these extremely challenging times! (720 - Victoria).

Quasi-market strategies never indicated that a resultant outcome would be more sustainable organizations. However it could be assumed that with the focus on efficiency and quality, that these factors would flow on to improvements in organizational sustainability. It was also that policy would take account of connecting current actions with future impacts. It appears though that quasi-market strategies have intensified the problems that existed prior to the market era for nonprofit organizations and have offered few if any policy solutions.

Towards a framework of sustainability

A difficulty in discussing sustainability in relation to the community services sector and its organizations is that no normative standard exists about what is a sustainable community services sector and a sustainable model for community service organizations. Does a normative view of the community services industry equate with a growing and vibrant social institution comprising an organizational field strong in its retention of social justice values but sufficiently reformed in structure and systems to withstand the post-market

environment? Or is an acceptable normative view one of a sector organized primarily around issues that should be fluid and comprise of organizations that 'just get by'? Furthermore should the agreed norm be a government in partnership with organizations focussed on capacity building for performance of both the sector and organizations? Until some debate and guidance is developed around community service sustainability a normative picture is not readily known. A further difficulty with sustainability and community services is that the severity of fragility problems with community service organizations and activities is hard to judge. This is because fragility can vary and little Australian research has focussed its attention on this issue. As this research has shown conditions change according to state policy and jurisdictions, historical contingency factors and the behaviour of strategic agents or managers of organizations (Spall 2003). However it is probably fair to conclude that on the whole issues of sustainability and the community services sector and discourse around sustainability are in a state of denial. Yencken (2002:80) outlines three discourses of denial regarding sustainability of the environment which can take different forms. One that problems are regularly overstated and exaggerated, another that they are being effectively dealt with by current mechanisms and a third that, even if they exist and have not yet been dealt with, no significant government intervention is needed because human adaptability and invention and the existing market and price system will cope with them quite adequately. Applying this categorization of denial to the community services sector there are examples of all three discourses in operation.

The nonprofit literature makes limited mention of organizational capacity and when it does it is not linked to discussions about sustainability. However organizational capacity is a factor that impacts on sustainable organizations. Letts, Ryan and Grossman (1999:3) write

> The missing ingredient in the prevalent, program-centred conception of social impact is organizational capacity. Programs need solid organizations behind them – organizations focused on fulfilling a mission in a changing environment… It is the capacity for strong performance in organizations – the ability to develop, sustain, and improve the delivery of a mission – that provides the foundation for lasting social benefits. As banal as this principle may seem, the nonprofit sector appears highly ambivalent about strengthening its organizations. On the one hand, everyone can agree that we need to take care of the organizations that are tackling difficult problems. On the other hand, deeply ingrained behaviours, public policy, funding systems and the culture of nonprofit service itself have all led the sector to rely on virtually anything but organization capacity as a foundation for lasting effectiveness.

Thus Letts, Ryan and Grossman's (1999) interpretation is that decisions around organizational capacity are culturally driven based on a preference that favours consumer service over and above an assessment of organizational capacity. This analysis is largely true. Public policy also takes a significant role in rewarding minimal spending on operational costs and infrastructure, sometimes without adequate reference to the organizational capacity to deliver service. This policy is largely driven by the short-term goals of political processes. This situation is reinforced by no normative view about what is adequate infrastructure funding.

At a policy level

The context for sustainable thinking and the nonprofit sector has usually encompassed service delivery. However service provider capacity is only one part of a sustainable approach. It is argued that for sustainability to make sense to the community services sector, it needs to be incorporated into a broader policy framework. The dimensions of sustainability should feed into the policy environment and provide a context for analysis and decision making about community service policy. Figure 2 provides such a model of sustainable thinking in the policy environment that utilizes the four dimensions of sustainability and can be applied to the functions of policy research, analysis and development. Integrating social, environmental, economic and governance dimensions of sustainability into a holistic policy process will be a challenge for the community services sector because each dimension has unequal weight in the decision making process. However this is to be expected and does not denote the importance of all four dimensions.

Figure 2. Sustainability in the policy environment of the community services sector

Policy Environment
Community Services Sector

Sustainable Decision-making dimensions

- Social
- Environmental
- Economic
- Governance
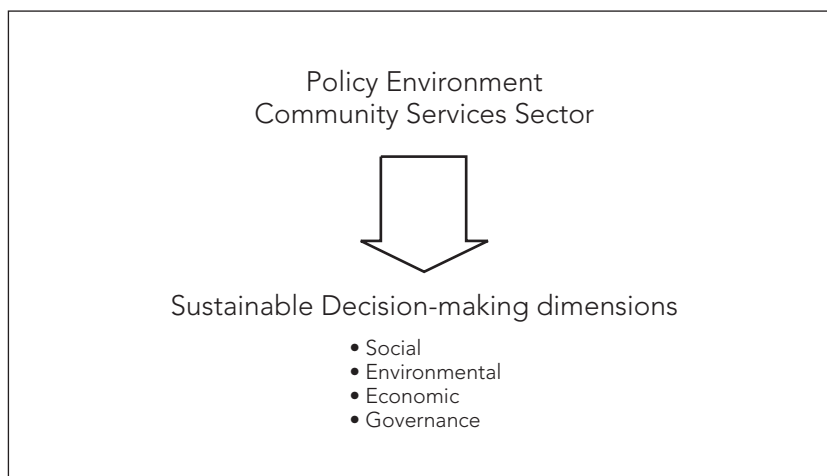
To apply the dimensions of sustainability at a policy level would mean, for example, that current policy decisions that favour a proliferation of small, time-limited 'experimental or action learning' funding program grants to nonprofit organizations would be reconsidered. The effort expended by both government and nonprofit organizations on these initiatives does not coincide with the long-term return. Furthermore these initiatives often end up being cross-subsidized at the expense of the agency's existing programs and infrastructure. Planning for these initiatives often fails to take account of the research already available. Taking the existing research knowledge into account and adequately funding a few recurrent initiatives would provide a more sustainable policy approach. Additionally funding arrangements that promote flexible staffing arrangements need to be more thoroughly examined in terms of their impacts on the community service industry and organizations. In reality more flexible staffing means an increase in casual labour arrangements. Whilst casual labour might supplicate economic dimensions for greater efficiency it erodes social dimensions in relation to consistency

of relationship and approach with vulnerable groups, such as people with a disability. A relational approach is the cornerstone to quality client centred practice. Casual labour is also a challenge to management and governance due to turnover and ensuring new staff are adequately trained for jobs. In sustainable terms, casualization decreases the intellectual and skill capital of an organization's workforce. A major struggle in the application of the sustainability framework will be recognition and acknowledgement by the community services sector that additional change is necessary to survive in the new post-market policy environment. The form this change might take is unknown however it could be assumed that a process of rationalization of existing functions and organizations will most likely occur.

At an organizational level

To assist in the process of assessment, the second part of the sustainability framework outlines a four quadrants model for organizations as outlined in Table 3. This model needs to be viewed in conjunction with Figure 2. The model is based on clues provided from the research as to what the sustaining nonprofit enterprise might look like. This data was largely ascertained from the 'enterprise' archetype. It is important not to oversell the four quadrants model. At present it represents a 'work in progress' that can assist organizations to reflect on whether the four quadrant indicators under the groupings of social capital, financial viability, organizational capacity and service delivery processes can be met. Many non-enterprise organizations would find difficulty meeting the financial viability criteria. The most important indicators are in the social capital dimension and refer to the mission and social outcomes the organization wishes to achieve. The scope of the social mission sets up the relationship with indicators in the other quadrants. For example, a small voluntary community based organization might have a lower emphasis on commercial generation of income if its social mission is specific, small and locally defined. For other small organizations that might be engaged in multiple direct service activities and with a broad social mission, all the indicators become relevant. Smaller organizations will find it increasingly difficult to implement the range of contemporary management and organizational practices required to demonstrate the organizational capability quadrant.

Thus the purpose of the four quadrants tool is for organizations to apply it to their organization. The sustainability indicators in the model lend themselves to be scaled from high to low. Should an organization achieve low ratings across most of the indicators this implies a low sustainability capacity. The tool might also act to heighten awareness that the longer organizations compromise sustainability, the more likely this will impact on their social charter and capacity to achieve their mission. However it is possible for organizations to take control of sustainable thinking and practice even if it involves hard decisions. Many organizations during the quasi-market era, particularly non-enterprise organizations operated in reactionary mode having either rejected or demonstrated non-responsiveness to quasi-marketisation. Dunphy, Griffiths and Benn (2003) refer to a sustainability phase, which outlines a process of acceptance by organizations of thinking sustainably. Organizations start in a rejection phase and from here move to non-responsiveness, compliance, efficiency, strategic proactivity and finally the sustaining corporation. Sustainability in the nonprofit sector should be a policy pursuit as well as the implementation of an audit process at the organizational level.

Table 3. A suggestive four quadrants sustainability model for nonprofit organizations

ORGANIZATIONAL LEVEL	
SOCIAL CAPITAL	FINANCIAL VIABILITY
- socially desirable people/client/community outcomes - socially responsible - myth of pure virtue beliefs (ethical, cooperative, democratic decision making) - mission directed/driven - commitment to social justice (equity) - multiple stakeholder accountabilities - partnerships - big picture strategic vision - collective efficacy	- full cost accounting of projects and programs - responsible fiscal management (liquidity) - adequate capital infrastructure (physical, technology) - long-term investments and funding cycles - capacity to generate income (commercial and fundraising) - spread of financial risk
ORGANIZATIONAL CAPABILITY	SERVICE DELIVERY PROCESSES
- strategic capability (market positioning, adaptable to change, entrepreneurial) - human resource capability (competent and diverse paid and unpaid workforce, availability of staff training and professional development, high staff retention, staffing levels) - organizational systems capability (existence of quality, information technology, financial, strategic and operational planning, marketing systems) - management capability/practices (proactive, high level communication, demonstrated leadership, participatory management, culture of team) - compliance capability (strong relationship with funding bodies, existence of performance measurement systems) - governance capability (competent and diverse committed committee, big picture/strategic analysis capacity, high credibility, risk analysis capability) - organizational size (critical mass) and appropriate structural organizational design (including lines of accountability) - organizational history	- client focussed practice - appropriate service intervention framework - appropriate service intervention methods - locality focus - integrated service delivery processes - evidence based practice - partnerships in service delivery

Conclusion

In conclusion, recent research findings found that organizational fragility was experienced by community service organizations. The pressures of marketization exacerbated this fragility. Organizations responded differently to these pressures, some undertaking considerable change towards more 'enterprising' organizational forms, other organizations retaining traditional organizational forms and resisting significant changes to organizational structures and systems. Also for those enterprising organizations that did make substantial changes, this has not necessarily protected these organizations from fragility. Many of the problems confronting nonprofit organizations prior to marketization such as inadequate organizational capacity continue to exist in the post-market era. It is argued that decision-making in regard to the community

service sector needs to take account of the dimensions of sustainability at a policy level. Using the dimensions of sustainability to inform decision making might change the way in which current policy and programmatic decisions are made in regard to the community service sector. Making decisions from a sustainable development perspective would assist in understanding how public policy can support, strengthen and grow nonprofit organizations rather than splinter and contribute to the cycle of 'permanently failing organizations'(Meyer and Zucker 1989). It is implicit in the application of the sustainability dimensions to policy that some rationalization of the sector would occur. At an organizational level a four quadrants model of sustainability is presented as a guide to organizations proactively equipping themselves to engage in sustainable practices. At the end of the day however what is reflected is a community service sector in transition.

References

Australian Government. 1992. *National Strategy for Ecologically Sustainable Development*. Canberra: AGPS

Boxall, Peter. 1998. Outcomes and Outputs The New Resource Management Framework. *Canberra Bulletin of Public Administration* 88, May: 39 - 43.

Brown, Kevin M., Susan. Kenny, Bryan S. Turner, and John K. Prince. 2000. *Rhetorics of Welfare - Uncertainty, Choice and Voluntary Associations*. Great Britain: Macmillan Press Ltd

Doty, Harold D. and William H. Glick. 1994. Typologies As A Unique Form of Theory Building: Toward Improved Understanding and Modeling. *Academy of Management Review* 19, 2: 230 - 251.

Dunphy, Dexter, Andrew Griffiths, and Suzanne Benn. 2003. *Organizational Change for Corporate Sustainability - A Guide for Leaders and Change Agents of the Future*. Sydney: Routledge

Eardley, Tony. 1997. *New Relations of Welfare in the Contracting State: The Marketisation of Services for the Unemployed in Australia*:1 - 16. Sydney: Social Policy Research Centre.

Greenwood, R. and C. R. Hinings. 1993. Understanding Strategic Change: The Contribution of Archetypes. *Academy of Management Journal* 36, 5: 1052 - 1081.

Harrison, Anne. 2000. A Framework for Measuring Sustainable Development. In *Frameworks for Measuring Sustainable Development*, ed. OECD: OECD.

Human Services Victoria. 1997. *Victorian Standards for Disability Services - Self Assessment System*. Melbourne: Human Services Victoria.

Letts, C., W. Ryan, and A Grossman. 1999. *High Performance Nonprofit Organizations: Managing Upstream for Greater Impact*. New York: John Wylie

Meyer, M. W. and L. G. Zucker. 1989. *Permanently Failing Organizations*. California: Sage Publications.0-803903259-6

O'Dwyer, Erin. 2002. Disabled tipped to suffer from service cuts. *Courier Mail (Queensland, Australia)*, June 20, 2002, 6.

Oliver, Christine. 1992. The Antecedents of Deinstitutionalization. *Organizational Studies* 13, 4: 563 - 588.

Public Accounts and Estimates Committee. 2002. *Forty-Seventh Report to Parliament - Report on Department of Human Services - Service Agreements for Community, Health and Welfare Services*: 366. Melbourne: Parliament of Victoria.

Rhodes, R.A.W. 1997. *Understanding Governance - Policy Networks, Governance, Reflexivity and Accountability*. Buckingham: Open University Press

RMIT. 2002. *TBL+1 Overview*: Global Sustainability RMIT.

Salamon, Lester M. 1993. The Marketization of Welfare: Changing Nonprofit and For-Profit Roles in the American Welfare State. *Social Science Review*: 16 - 39.

Salamon, L. M. 1995. *The Global Associational Revolution: The Rise of the Third Sector on the World Scene*. London: The Future of Charities and the Voluntary Sector, Demos.

Sedgwick, Steve. 1995. Benchmarking and Best Practice: Promise and Performance. *Australian Journal of Public Administration* 54, 3, September: 401 - 407.

Spall, Pamela. 2002 f. Governance .... In *IPAA - 2002 National Conference - Powerful Connections*, ed. Institute of Public Administration Australia. Flinders University Adelaide, November 14 - 16: IPAA.

Spall, Pamela. 2003. Enterprising Organizations - A Study of Nonprofit Community Service Organizations. Doctor of Philosophy, University of Queensland.

Yencken, David. 2002. Governance for Sustainability. *Australian Journal of Public Administration* 61, no. 2: 78 - 89.