Starting from elsewhere: reimagining the third sector, the state and the market

Rob Macmillan*
Third Sector Research Centre, University of Birmingham

Abstract

Understanding the complex evolving relationships between the third sector, the state and the market is one of the most important and fruitful areas of research, policy attention and practice reflection in the third sector. Yet too often analysis seems to be reduced to a discussion involving seemingly large, abstract and disarmingly simple categories – ‘state’, ‘market’ and ‘third sector’ – in which nuance, differentiation and contradiction can be lost. This short paper aims to stimulate reflection and discussion amongst researchers and others by calling for a reimagination of the ‘third sector’ and its relationships with the state and the market.

The argument proceeds in three stages. Firstly some elements of what could be seen as conventional wisdom in third sector research are outlined. This is followed by a discussion of how conventional wisdom is woven into two prevailing narratives – of ‘necessity and adaptation’ and ‘jeopardy and loss’ – about the current state and future prospects for the third sector. Finally, using the purported ‘marketisation’ of the sector as an example, the paper suggests an alternative starting point for thinking about and researching the third sector.

Conventional wisdom in third sector research

Research focusing on the world of voluntary and community action has grown rapidly over the last 25 years, in the UK and elsewhere. A great deal of insight has come from efforts to map the scale, geography and shape of a sphere of activities encompassing, amongst other things, voluntary organisations, community groups, charities and social enterprise. A parallel research endeavour has undoubtedly improved our understanding of how such organisations and activities are structured, governed, managed and financed, who is involved in them and why, what they are trying to achieve and their success in doing so, and in particular identifying the differences and relationships between these sorts of activities on the one hand, and public bodies, private firms and informal activities on the other. The basic contours of this world of voluntary and community action are likely to be familiar to those working or researching in or with organisations in the sector. At some risk of oversimplification, however, it is
possible to recognise four inter-related forms of conventional wisdom which appear to have arisen from this accumulated research effort. Broadly speaking these underpin a pathway followed by much research on the sector.

Firstly, research has tended to focus on organisations as units of analysis. These are assumed to have a relatively stable identity, often legally authorised, and as such to be potentially knowable as reasonably coherent and bounded entities. Organisations are more visible to research (and policy) attention, and perhaps more easily grasped than the amorphous, fluid and ephemeral kinds of informal voluntary or civic action beyond organisations and sometimes claimed to be ‘below the radar’. Frequently it seems hard for researchers to accommodate such action, or even to see a world which is not comprised primarily of definable organisational entities which can be counted, mapped or otherwise accessed for more detailed investigation.

Secondly, despite their acknowledged heterogeneity, voluntary and community organisations, charities and social enterprise are thought to be sufficiently similar to warrant being grouped together, discussed as an identifiable ‘sector’, named with a common label, and underpinned by some form of general definition. Agreeing on an actual name or a core definition has, however, proved to be more difficult – researchers continue to grapple with a ‘loose and baggy monster’ (Kendall and Knapp, 1995). Candidates for suitable labels include, inter alia, the non, the voluntary sector, the third sector, the social economy, civil society and latterly, the social sector. It is important to recognise that these labels are not necessarily referring to the same thing, and different versions operate in different contexts. Each label tends to highlight some features of this diverse sphere of activities rather than others, or specifically includes some kinds of activities and excludes others. Each label can offer an ideological trace of what is held to be important and worthy of naming and definition, although for convenience ‘third sector’ is primarily the term of choice in this article.

Thirdly, and following on from this, these organisations and activities are generally seen as having essential and distinctive characteristics compared with other sorts of organisations, although the sources of distinctiveness are rather hard to pin down and remain theoretically contested and empirically elusive (Macmillan, 2013). Is it to do with structures of ownership and governance, or cultures and ethos, or purpose and values? Frequently we find that purported differences between sectors have a normative foundation. Third sector organisations and the like are said to be different, but often they’re also implicitly thought to be better than organisations in other sectors. Typical claims in this regard focus on third sector organisations as innovative, responsive and flexible, inclusive, connected with everyday life and as the practical expression of particular social values.

Fourthly, the resulting sector has typically been discussed in terms of its changing relationship with the state. Third sector organisations are seen as formally independent from the state, but in practice they exist in complex interdependent relationships with public bodies which vary in their intensity, meaning and impact. Research on state-sector relationships has focused on the ‘moving frontier’ of respective roles and expectations (Finlayson, 1994), as well as more prosaic matters of finance, policy influence and regulation. A common feature in much research on the sector is an underlying assumption that the state and the sector are separate spheres, but that the state has a significant presence in the world of voluntary and community action and can variously direct, authorise, shape, cajole and enlist third sector organisations in its projects more or less at will. The state is assumed to be powerful, whilst the third sector is assumed to be in a much weaker position. A perennial theme in third sector research and writing is thus the state’s threat to the sector’s cherished independence.
Arguably the research focus on state-sector relationships has been to the neglect of the sector’s relationship with the market.

**Two prevailing narratives of the third sector**

Collapsing an extensive and diverse research endeavour into just four conventional features is of course fraught with the possibility both of reductionism and creating ‘straw men’. Beyond the research base, however, people working in or with the kinds of organisations that have been defined, brought together, mapped and explored as part of a third sector have to operate in a changing ‘real world’ of expectations, dilemmas and struggles. Interestingly some of these research assumptions then seem to resurface in contemporary conversation about ‘the state of the third sector now’. In this context, two broad yet discernible ways of describing the third sector’s current role, position and prospects can be identified, at least in the UK. No description can ever be pure or unadulterated, so these portrayals draw certain features of the sector to attention and side-line others. But they are also visions of the sector: of how it should be. Description and prescription work together to tell a story of how things have come to be as they are, and of what needs to change. The two descriptions provide more or less compelling narratives of the third sector, backed by plausible evidence and argument.

Firstly there is an arguably dominant narrative of necessity and transition. This involves regular and ongoing calls, by policy-makers and many commentators, backed by policy developments and investment programmes, exhorting third sector organisations to adapt to a changing (and more challenging) operating environment. This could be about third sector organisations becoming, variously, more ‘business-like’, or efficient, or accountable and transparent, or impact-focused than they are at present (Cabinet Office, 2010, 2014; Robinson and Chapman, 2013; Buckley et al, 2013). This narrative has had a long gestation, and can be seen in, for example, New Labour’s attempts to ‘modernise’ the sector as part of its ‘partnership’ approach, as well as in subsequent governments’ support for the third sector through austerity. This narrative calls upon organisations to understand the trajectory of a changing environment, and embrace the imperative to change in line with it. It explicitly seeks to transform the sector to generate stronger and more resilient third sector organisations, often associated with the development of more commercially-minded strategies. It makes rather pessimistic assumptions about their prospects, unless they respond positively, with support, to change and modernise their structures and modes of operation. In summary, third sector organisations are urged to ‘adapt or die’.

Alternatively, there is a narrative of jeopardy and loss. This view originates in a critical standpoint from those who see third sector organisations losing their distinctive and valuable starting points as informal associations. This is a consequence of the pressures, demands and cues from the funding environment, coupled with an ongoing project of third sector professionalisation. Many organisations drift, sometimes unknowingly, but other times deliberately, towards becoming more formal and hierarchical bureaucracies, often funded through greater use of market-based mechanisms, in close but ultimately damaging alignments with the state and/or the private sector in new hybrid forms of organisation (Billis, 2010; Milbourne, 2013; Rochester, 2013; Benson, 2014). This again provides a rather pessimistic and somewhat ‘declinist’ account of the essence of voluntary and community action, which is variously squeezed out, imperilled by and succumbing to a range of pernicious influences. In summary, third sector organisations are urged to resist these pressures or face ‘going to hell in a handcart’.
Although ostensibly pulling in different directions, the two narratives actually have a great deal in common; they are best considered as two sides of the same coin. Both deploy similar assumptions about the fundamental nature of third sector organisations and their relationship to a changing context. In many ways they echo the four forms of conventional research wisdom discussed above. The narratives contend that the environment in which third sector organisations are operating is changing dramatically, with some underlying agreement over its main features, for example: intensified competition within the third sector, and between sectors, for scarce resources, exacerbated by austerity measures; the increasing reach and scale of more conditional forms of public funding, associated with commissioning and procurement; growing demands for accountability, particularly in demonstrating the impact of activities; and the development of social investment, associated with the growing marketisation of public services and commercialisation of the third sector.

Change originates ‘out there’, representing seemingly larger exogenous forces to which actors in third sector organisations must respond, either by resisting or by embracing change and becoming more fit for purpose in the emerging context. There is a fatalistic sense that third sector organisations are primarily products of a changing yet undifferentiated environment which is, to an extent, beyond their control. They tend to be rather passive in these accounts, allowing, sometimes unconsciously, change to happen around them. Third sector organisations are seen as relatively stable, comprehensible entities and units for analysis, rather than as flowing streams of processes, practices and interpretations in perpetual motion (Tsoukas and Chia, 2002). The accounts appear to accept, even if expressed in different terms, that commercialisation and marketisation are a reality. For one side this is a thoroughly retrograde step, against which organisations should resist, for the other it is a welcome reality encouraging organisations to become stronger and more resilient. Whilst agency is not exactly denied in these accounts, it is channelled and oriented towards external forces. The world appears to be closing in such that there does not appear to be much room for autonomous action, for multiple pathways, or for seeing how change is actively co-created and experienced, through negotiation and contestation, by multiple stakeholders in third sector organisations, such as volunteers, trustees, frontline staff, managers, service users and external partners.

For advocates of ‘necessity and transition’ it is not entirely clear what third sector organisations are being urged to become. For advocates of ‘jeopardy and loss’, on the other hand, there is a discomforting ‘cry wolf’ reminder that these kinds of claim are recurring features of third sector conversation. Each narrative provides only a limited appreciation of real, contested, dynamic everyday life within and around diverse third sector settings. This is at least partly because each narrative is more a strategic project than a neutral description. As such they are designed to make a point, establish a call to action, and take audiences with them on a journey. They could be evaluated in their own terms, with an assessment of their respective assumptions and claims. Rather than simply dismiss them or try to adjudicate between them, however, these narratives might be treated as ‘field-shaping’ interventions which can reveal something about the third sector itself. The narratives also become an important part of the research endeavour. As such, research might productively start from a different place altogether.

**Starting from elsewhere**

What might an alternative approach to researching the third ‘sector’ look like? The four forms of conventional wisdom, insofar as they ring true, suggest a distinctive and measurable sphere of social and economic activity comprising special kinds of organisations grouped together in a sector which is theoretically set apart from the
state and the market. The difficulty with this approach is that it operates with a world comprising artificially bounded entities - organisations and sectors - when in practice such boundaries are fuzzy, porous, changeable and themselves contested. It takes organisations and sectors more or less as givens; as nouns rather than verbs. As such it risks reifying them as overly coherent, inert and singular identities, operating through distinct logics, rather than multiple and contradictory sites of negotiation, strategic action, struggle and provisional accomplishment. The same risks apply to the state and public sector organisations as well as to the market and private sector organisations.

An alternative starting point would be to see all social life, including the third sector, as comprising a rich, complex and dynamic array of porously bounded and discursively framed ‘fields’. These consist of groups of actors, oriented towards and operating in relation to each other within, between and beyond organisations and sectors, pursuing both an interest in the nature of the field itself (including its boundaries), and in their relative position within the field (Bourdieu and Wacquant, 1992; Fligstein and McAdam, 2012). It recognises that the overriding purpose of social action is to secure and extend a position in a field; to maintain or advance the ‘room’ for manoeuvre, or the recognised space for action in a field. A ‘field’ is a flexible concept. It involves any group of actors with a common, if contested, relational interest. It overlays rather than denies the significance of organisation and sector. A field could be part or all of a single third sector organisation, or a group of third (and other) sector organisations pursuing a similar purpose (such as supporting families) or working with a common client group (such as ex-offenders), or even all organisations conventionally grouped together as a ‘sector’. It can be all of these things simultaneously, and participants can be involved in multiple, overlapping fields at the same time. The difference is that there is no assumed unity of purpose (other than an interest in the field itself) or singular voice in a field. The shape, scale, nature and direction of the field itself, and the boundaries between one field and another are all points of contention and sites of strategic action and struggle.

A field perspective shifts the research gaze from counting and understanding relatively inert and essentially defined entities, to exploring the struggles and strategies of actively engaged participants. Rather than attempting to provide a firm definition of a particular field and its outer limits, and to map its contents and contours against other fields, the primary research task would be to explore the issues and interests at stake in the field; the nature, positions and uneven power resources of various participants; and the range of discursive and material projects in play. In particular it might recover a sense of agency in third sector research. Actors are thus engaged in mutual field sense-making in their efforts to describe and articulate the nature of their values, activities and purposes. As such they are actively involved in interpreting, framing and shaping the field, with more or less persuasive accounts of issues, trends and projects, designed to advance a cause or position in the field. They are involved in hegemonic projects of various kinds. By seeing ‘organisation’ and ‘sector’ as provisional and mutable accomplishments, even as strategies in themselves, a field perspective opens up new questions and possibilities for research. It suggests that attempts to name, define and map the third sector, or to understand and affirm its distinctive qualities, are also strategies in a field.

The purported ‘marketisation’ of the third sector can be used as an example of what a field perspective might offer, and opens up new questions about the relationship between the third sector and markets. A commonplace account of third sector organisations in the last ten to fifteen years suggests that they are succumbing in various ways to market pressures, and that this is fundamentally changing the way the third sector operates and what it means. For some the very ‘heart and soul’ of the sector is at stake. Thus marketisation is a core element of the narrative of jeopardy and
loss. It manifests itself in increased competition for public service contracts and funding, growth in earned income and commercial trading, and the emergence of social enterprise and private sector management practices in third sector organisations (Bruce and Chew, 2011). This argument coincides with a gathering idea that the continued dominance of neo-liberalism is implicated in the rise of a market society and thus the ‘marketisation of just about everything’ (Sandel, 2012).

The marketisation thesis, however, involves a number of at least questionable assumptions: that a range of different issues and trends can be corralled into a single and ill-defined process called ‘marketisation’; that this process is rather powerful and somehow all encompassing, from which there is little chance of escape or resistance; and most of all that ‘markets’ and ‘third sector organisations’ are ultimately separate spheres operating according to fundamentally different logics. Without denying the significance of the processes and trends linked with marketisation, there appears to be little room for nuance here, or for the suggestion that ‘marketisation’ is actually a powerful framing device rather than a clear set of empirical trends. In this framing, third sector organisations are moving from being in a relatively non-marketised space, to one that is being ‘contaminated’ or ‘colonised’ by seemingly miasmic commercial logics (Eikenberry and Kluver, 2004). Yet this seems to ignore the longstanding and complex relationships third sector organisations have with others as participants in a range of different markets. Organisations which pay for space are involved in specific local markets for space, and those which employ staff are involved in labour markets. In this context, the idea that third sector organisations are first and foremost non-market spaces seems rather misplaced, or at best a powerful framing argument shaping the third sector as a field.

A field perspective might offer an alternative rendering of marketisation in relation to the third sector – seeking to articulate a ‘politics of markets’, in the sense of recognising that markets are sites of agency, political action and strategy. It would suggest that actors are involved in a variety of overlapping fields, some of which are labelled as ‘markets’. They might participate as individuals, or on behalf of organisations, which are simultaneously seen as fields or sites of interest and struggle in their own right, but also as organisational participants in other fields (Emirbayer and Johnson, 2008). Research attention is thus drawn to the active processes involved in ‘making markets’ where actors with different positions, presence and power, including the state and private and third sector interests, seek to construct and shape markets to their best advantage. Research questions might then focus on how the field or market has formed, how it is described, what matters to its participants, what material and discursive struggles and strategies are developed, how it is structured, the extent and how it may become institutionalised, and finally how it changes internally and in relation to pressures emanating from neighbouring fields. This would represent an ambitious recasting of a research agenda, both for the third sector and for the array of activities and fields in which it participates. The aim would be to take the conversation beyond marketisation, and beyond conventional ideas about what the third sector is, how it is made up, and how it operates in practice.

*Correspondence Address: Rob Macmillan, School of Social Policy, Third Sector Research Centre, Park House, University of Birmingham, Edgbaston, Birmingham, B15 2RT. Email: r.macmillan@bham.ac.uk
References


