The Third Sector: adapting in times of austerity

A case study of asylum seeker and refugee organisations

Vita Terry (3593193)

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<u>Acknowledgments</u>

Abstract

Governments in the UK have recognized the third sector as a partner in delivering welfare provision. However, this is not a partnership of equals and the third sector's dependency could leave it vulnerable to shifting policy paradigms and external economic factors. This investigation focuses on the coping strategies and changing relationships of asylum seeker and refugee organisations in a time of economic cutbacks. The whole sector is changing, but whist all organisations use strategies, such as compromise, it appears it is the pre existing capacity of individual organisations that determine their success in surviving.

Glossary of terms

'ASR (asylum seekers and refugees)'- The term asylum seeker refers to someone who has left their country, generally due to persecution, and has made a formal application for asylum (legal protection) in another country, and is in the process of waiting for a decision on their claim. A refugee is classified as someone whose application for asylum was successful, meaning they have permission to live in the UK for a set period.

'Big Society'- Is a policy concept implemented by the Conservative Party in 2010, in the UK. The fundamental principles are to empower individuals to have a more established voice on the running of society and to have an active responsibility within the local community.

'Compact idea'- Is a policy implemented by the national government in 1997, by the New Labour Government. The aim was to form a partnership between the government and the third sector, through transparency, and commissioning the third sector to deliver welfare provision.

'Grass root organisation'- Generally small voluntary or community organisation focused on targeting the specific needs for the local community.

'Policy'- Ideas formed for problems in a political setting.

'Third sector'- Consists of non-profit organisations that are established independently from the government, and are focused on providing a service to society, typically to individuals who are classified as hard to reach.

'SLA (Service Level Agreement)'- The government has moved on from providing organisations with public funding through the form of grants. Now public funding is based on the idea of a contract, through negotiating between the government and the organisation, on the particular criteria of a service provision.

<u>Introduction</u>

'The voluntary sector as a whole relies heavily on public funding, which has increased substantially during the 1980's, but which now appears to be levelling off. Dependence on central funding, which may be linked to policy goals at variance with the underlying aims of some NGOs, and on local funding which has begun to be increasingly restricted, has given rise to anxiety and debate about the independence, accountability and security of a sector which supplies crucial services and employs many thousands of professional staff' (Robbins 1990: 124).

<u>The field of research</u>

Non-profit organisations have traditionally held a significant position within UK society, which in the past was typified by the important services provided by religious sectors, such as the church (Robbins 1990). In recent years scholars, politicians and policy makers have started to recognise the importance of this '*third sector*' as part of the 'welfare mix' (Evers 1995). The concept of the 'welfare mix' claims the welfare system is not a static entity, but is formulated by different combinations of the sectors - family, market, state, and including the third sector - which can be subject to alteration. For example, Powell's (2007) analysis of the 'welfare mix' notes that 'rather than seeing the story of the modern welfare state as a simple increase in state intervention, it is more accurate to see Britain as always having had a mixed economy of welfare, in which the voluntary sector, the family and the market have played different parts at different times' (Powell 2007: 5).

To form a comprehensive understanding of the development of the third sector, specific attention should be focused on how the state has perceived the third sector, and thus, how implemented national policies have influenced the third sector's position in the 'welfare mix'. In Wolch's (1990) study on the fairly recent reconstruction of the third sector, she argues that 'a state- centred approach to analysis of the voluntary sector is necessary because of the growing dominance of the state in voluntary affairs' (Wolch 1990: 210). Although, this section will focus on providing a brief description of the importance of the national government's policy decision process, throughout the investigation other relevant external factors will be identified.

Throughout the late twentieth century, the third sector has been subject to a variety of interpretation and emphasis by the state. As will be explained in more depth in the theoretical

chapter, during the period that Margaret Thatcher was Prime Minister, she acknowledged the advantages of using the third sector as a 'policy instrument', by shifting the responsibility for welfare service provision onto the third sector to cut costs (Wolch 1990). Following on from this period there was a continuum of leadership by the Conservative Party (John Major), where both Prime Ministers were primarily 'preoccupied with the dichotomy between the market and the state' (Kendall 2000: 15). When the New Labour Government was elected in 1997, it appears there was a distinct change in policy decision making towards the third sector. Again, the third sector was ultimately viewed in the national interest, as an alternative source for providing welfare services outside the mainstream welfare system. In comparison, however, significant recognition was paid to the expertise the third sector had for providing welfare to marginalised people (Milbourne 2009). As a result of this developed perception, the New Labour Government introduced the idea of the Compact, which aimed to initiate a new relationship based on a partnership between the state and the third sector (Kendall 2000). From the perspective of the third sector the implemented policy, the 'Compact idea', was essentially meant to emphasise better access to resources, through transparency of funding and information, more influence on policy making and, significantly, being positioned within society as a 'helping hand' for the government (Bode 2006). These principles, and arrangements, around primary responsibility for provision to the hard to reach in society, appear to have been carried forward by the current Conservative government, as the Conservatives have recently developed the concept of the 'Big Society'. Primarily, this newly implemented policy is founded on empowering citizens to become actively involved in their local communities and to reinforce citizens to take social responsibility (www.thebigsociety.co.uk). The third sector can now be viewed as a substantial element of the UK welfare system, employing 4% of the labour market (Salmon 1990), and 'account(ing) for, between three and nine per cent of Gross Domestic Product' (Kendall 2000: 3).

Relevance of the research

On reflection, the previous description of the developed policy paradigm appears to place the third sector in an advantageous position. However, from analysis of the literature, research has identified major flaws and is highly critical of this development in the third sector. It is evident that elements that once constituted the third sector's ethos have been contradicted by the supposedly 'new partnership' between the third sector and the state. For example, in the past the third sector mainly relied on the charity of the local community to fund their organisations. This included fund-raising schemes, sponsorships, and personal donations. As a result of the state's increasing involvement with the third sector, by commissioning service delivery, organisations have become reliant on public funding. Consequently, it appears there

is a movement from a traditional funding ethos, and community based mentality, which now puts in question the independence and flexibility of these organisations (Robbins 1990). Furthermore, third sector organisations have become increasingly competitive with one another when accessing public funding, as it is generally linked to performance-based short-term contracts (Bode 2006), which also create additional insecurity. In summary, apparently to the detriment of the third sector, it has adopted a more business-like approach (May et al 2006) involving; managerial emphasis (May et al 2006), less community work through fund raising, and more competitiveness for contracts (Milbourne 2009). Rather than the third sector being fundamentally focused on service provision for hard to reach social groups, time and resources are expended on the appearance of the organisation in the attempt to win successful bids. Consequently, the notion of the 'new partnership' has arguably been reclassified as 'community groups are taking on the failures of the mainstream services, often with minimal resources' (Milbourne 2009: 293).

Although there is limited research on the effects of the 'Compact idea', the described criticisms have been numerously highlighted. However, a significant new area of social research that has received limited attention (as it is still in process), is the effect the current challenging economic climate in 2011 will have on third sector organisations. As illustrated the third sector has been restructured into a highly vulnerable position within society, due to ultimately being over burdened with service provision, heavily reliant on funding from the government (Robbins 1990), and being distinguished as surviving on limited resources but now being faced with the challenge of cutbacks. At present, the UK government's deficit has produced major cutbacks targeted throughout the welfare state, significantly 20% of cutbacks have been directed at the public sector, creating indirect effects on funding dedicated to the third sector. Although, the third sector was fully aware their funding from the state would be decreased, and strategic actions would need to be in place to survive the current situation, it appears the outcome was worse than predicted. The government has recently highlighted that local councils had implemented their own survival strategies, by disproportionately applying cutbacks towards the third sector and 'are accused of axing charities to save their own services' (The Times 29/04/2011). An article in The Times newspaper provided a detailed account of the severity of the situation as 'charity chiefs had complained that some councils have reduced charity funding by up to 100% while trying to protect their own services' (The Times 14/04/2011). Fortunately, the article further explains that new policies were implemented by the Communities Secretary to protect the third sector from further disproportionate targeting.

It is relevant to note in this context, that it appears the national government introduces policies without consideration for the implications they will have at the local level. Although it is not an excuse, it could be argued that it was a natural reaction for local authorities to try and protect their own services and jobs. Another example of the national government being criticised for its implementation of policies, is their concept of the 'Big Society'. On the surface the idea of the 'Big Society' appears to emphasise volunteering and community cohesion, however little consideration has been given to the connotations of implementation at a local level. It has been criticised, in simple terms, as undermining the third sector as they already perform these services, but also because it implies that these services (as well as libraries, post offices etc) should be conducted for free by the local community. With the detrimental cutbacks to third sector funding, and the new development in national policy suggesting that services should be conducted for free, the third sector appears to be in an extremely vulnerable position to survive in this current situation. Furthermore, although the third sector is known for providing a valuable service to those who have nothing within society, due to the nature of the field this sector has also inherited a limited political voice. In Taylor's (2003) analysis of the third sector's role in the policy process in the UK, he found that 'charities today are the only institutions without full rights of free speech because of the prohibition against their full engagement in politics' (Taylor 2003: 5). Thus, this creates a further disadvantage for the third sector in their already vulnerable position, if there are no representatives it is feared the need for third sector funding and resources will be completely disregarded, and the prediction for future restructuring is not positive.

Aim

To investigate whether the current budget cuts will have an effect on third sector organisations, by identifying if there are changing patterns and what strategies organisations will use in response.

Objectives

- Outline the main characteristics of the organisations to explore whether the third sector has been restructured by national government policies.
- Examine the position the third sector currently has, in regard to their relationship with other organisations and their relationship with the state, and whether this is changing as a result of budget cuts.

- Identify what mechanisms (coping strategies) the organisations will use in response to the budget cuts
- Explore if there are indicators to predict what the future situation will be for third sector organisations, and if best practice guidelines can be distinguished for future reference.

Context and background of investigated field

The focus of this study is to investigate the identified social problem; the effect budget cuts will have on third sector organisations, on a meso level. However, due to limitations of capacity it is not feasible to study the whole third sector, thus, it was deemed appropriate to conduct an in-depth case study. Specifically, this investigation will concentrate on third sector organisations that deliver a service to asylum seekers and refugees (ASR), in one particular location. Due to the sensitivity of the research topic, and to encourage frank debate, those that participated in the investigation, the name of the organisations, and the location, will remain anonymous and confidential.

The nature of this field (ASR) provides a relevant example of the budget cuts directed at the third sector, and the significant consequences this will have on service delivery for those who are already in desperate need. Each year thousands of people come to the UK to seek refugee status, however the majority of the support and resources provided to them is produced by the third sector. Largely for political reasons the state is unwilling to be seen giving money directly to asylum seekers, due to the argument that 'welfare acts as a magnet to asylum seekers' (Bloch et al 2002: 394). This was recently highlighted by a new policy that excludes asylum seekers from mainstream welfare as they are 'not seen as 'legitimate' beneficiaries of support' (Oxfam 2011: 8), and are not allowed to work legally under this status. Also, due to the nature of this field the third sector organisations and the state have been viewed as having a 'stormy' relationship. However these organisations were still invited to be a part of the Compact, and in this regard to form a 'functional compact' (Plowden 2003: 430). In common with other third sector fields, the welfare state is reliant on the role of the third sector to help these people obtain basic human needs, such as food, clothing and accommodation, with the purpose of preventing poverty.

Research recently conducted by the Refugee Council identified this new relationship, as they found that local governments funded 30% of the participating organisations (Refugee Council 2010). Although, it is argued that 'governments are increasingly seeking to use this sector as a cheap and flexible means for caring for asylum seekers, exploiting the sense of responsibility felt by charities and churches for those in need' (Bloch et al 2002: 398). Still, it was surprising to see that although the state is reliant on these services, and has influenced the

dependence of the third sector on limited state funding and resources, the government has instigated a 60% budget cut directed towards asylum seeker organisations from the 1st April 2011 (www.charitytimes.com), emphasising the relevance of conducting research in this area.

The context of the investigated location is a prime example of the current situation. It is one of the main cities in the UK that has a high rate of asylum seekers, due to being classified as a dispersal area about 10 years ago. Organisations, alongside a specific unit within the council dedicated to socially excluded social groups, developed an extensive range of delivery services based on limited resources to address perceived needs. However, the effects of the budget cuts are already evident, as two main organisations have been terminated within the area, and will be greatly missed due to the importance of the services they delivered. One (national organisation) was known for providing advice and accommodation, and the other supplied free legal advice. Now there appears to be a general consensus between the organisations that it is an appropriate time for third sector organisations to become more independent by forming an alliance, to gain a stronger position within society.

Theoretical Framework

This chapter, outlining the theoretical framework specifically formulated for this investigation, is the fundamental foundation for the research investigation. It forms the basis of understanding the context of the research field, the relevance to conduct the investigation, illustrates what indicators to measure, and when operationalised, highlights the instruments to use to measure the identified subject. This chapter will describe the relevant theories, with the principle of providing previous knowledge that can be applied further on, when assessing the findings chapter.

Theoretical concepts

To initiate this discussion, and provide a comprehensive understanding of the context of the investigation, several concepts need to be outlined. Firstly, Evers (1995) has developed an influential theory based on how different countries structure their welfare system, known as the 'welfare mix'. As well as the commonly identified sectors, the state, the market and the informal private household sphere, Evers also recognises the importance the third sector holds 'as a part of the mixed welfare system' (Evers 1995: 159). Importantly, it is relevant to note that different countries (that have the relevant sectors) form different balances of the sectors, which ultimately results in varying outcomes. In regard to this investigation, this concept could be expanded on by using Esping-Andersen's (1990) typology of the different 'welfare regimes', to predict what the 'welfare mix' would be in the case of a liberal (the UK) welfare regime. Esping-Andersen claims that welfare systems are grouped into different clusters, classified as regimes, defined by how they focus their resources to the social integration they stress as the most important. However, this typology unfortunately makes no reference to the third sector. In the case of the liberal regime, Esping-Andersen states that it primarily concentrates on reinforcing market efficiency, as the underlying principal is to enforce individuals' dependency on the market, and deter individuals from using the welfare state. Therefore, it could be predicted by using a combination of the two theories that the welfare mix with a liberal influence, such as the UK, would have a significantly large market and emphasis on the third sector providing welfare services, and much less focus on the state and the family.

Throughout the investigation reference is made to the third sector. However, it was deemed important to clarify this concept, as literature on this subject uses various terminology to refer to this sector, such as, voluntary organisations, non-government organisations, non-profit,

which can lead to confusion. Additionally, this could be emphasised as 'this sector is increasingly diverse, heterogeneous and populated by organisations with hugely varied goals, structures and motivations' (Kendall et al 1999: 285). Therefore, with regard to this research, the third sector will be distinguished as follows: 'to define these organisations as non-governmental, value driven (motivated to further social, environment or cultural purposes and not primarily driven to make a profit), and reinvesting their surpluses to further their objectives' (Kelly 2007: 1006). Plus, this terminology emphasises the focus of this investigation on their position in society, rather than primarily on their function.

To undertake this case study a sound theoretical framework needs to be in place. From the literature review there appear to be two main objectives to the investigation, firstly identifying how the organisations produce coping strategies in response to the budget cuts, and secondly, the effect this will have on the relationship of the third sector to the state. The relevant theories will thus be described in turn. With regard to the approaches discussing organisational behaviour, two opposing views have been found. First, the underlying foundation of the institutional theory, which has been developed and applied to organisations, emphasises that cultural and social systems within society influence how organisations change their structure. In contrast, the approach put forth by Evers, describes how some organisations develop into 'hybrids', in simple terms, with the primary purpose of becoming more effective and efficient, therefore restructuring is focused significantly on resources. Both perspectives provide valid interpretations of how and why organisations adapt their structures; a more detailed account will be described.

Institutional Theory; Isomorphism

Since the 1970's, the institutional theory has been applied to the concept of organisations to explain the occurrence of structural change (DiMaggio and Powell 1983). However, rather than the emphasis of investigation being on how organisations differ in dimensions and structure, the institutional theory stresses the conceptualisation of isomorphism. Isomorphism is founded on the principle that organisations that originate from the same field tend to homogenise their 'forms and practices' (Powell and DiMaggio 1991: 64). A fundamental article addressing this theoretical outline is DiMaggio and Powell 'The iron cage revisited' (1983). This article provides an essential account of three mechanisms that can influence institutional isomorphism; these are;

- Mimetic isomorphism- organisations model themselves on others due to pressures of uncertainty.
- Coercive isomorphism- pressure from external influences, typically from the government.

- Normative isomorphism- internal influences due to specific fields being constructed of similar professionals.

An essential component, highlighted in the institutional isomorphism theory, is that organisations do not homogenise their structures as a consequence of technological development, or primarily with the intention of becoming more efficient or effective (DiMaggio and Powell 1983). Significantly, this theory progressed outdated analysis on organisations, to not only perceive organisations as production systems motivated by profit (Scott 2001), but increasingly 'associated with wider social and cultural forces: the institutional environment' (Scott 2001: xx). Greenwood and Hinings (1996) article clearly illustrates this idea 'that institutionalist theorists declare that regularised organisational behaviours are the products of ideas, values and beliefs that originate in the institutional context. To survive organisations must accommodate institutional expectations, even though these expectations may have little to do with technical notions or performance accomplishment' (Greenwood and Hinings 1996: 1025). Thus, emphasis is placed on how 'the environment is highly deterministic in shaping organisational form' (Oliver 1988: 545), or alternatively referred to as being institutionalised, by social and cultural factors, such as norms and values that are embedded in the organisation's environment. By applying the institutional isomorphic theory to this investigation, it is important to distinguish whether the investigated third sector organisations have homogenised their structures due to additional factors other than increasing efficiency. Focus will be directed on identifying social and cultural processes, such as, social attitudes to the clientele, or adapting to the interests (implemented policies) of the government.

New Institutionalism

Although, the initially developed institutional isomorphism theory provides a sound basis to assess the importance institutional processes have, on influencing an organisation's structure and behaviour, it produces an insufficient amount of depth on why organisations change due to institutional pressures. Recently, there has been significant progression in this theoretical perspective, now classified as 'new institutionalism', providing additional concepts on explaining changing organisational behaviour. In respects to this investigation, this may produce insight into the different strategies organisations might adopt in response to the budget cuts, and why there are similarities or differences. An influential factor in this development is Scott's book 'Institutions and Organisations' (2001), in which he develops further from DiMaggio and Powell, by suggesting that institutional demands can have varied effects on the structure of organisations, and not only isomorphism. Before illustrating Oliver (1991), which is outlined in Scott's book, on the ideology on five general strategic actions

that can be employed by organisations when facing institutional pressures, it is first of relevance to describe this emphasis on 'how institutional environments effect organisational forms and functions' (Scott cited in Powell and DiMaggio 1991).

Ultimately, to observe how the institutional environment can create an effect on an organisation, the organisational field first needs to be assessed and understood. Throughout the development of the institutionalist theory, academics have found it difficult to distinguish the boundaries of the organisational field (Scott cited in Powell and DiMaggio 1991), though significantly, recent emphasis has been placed on re-conceptualisation of the environment (Scott cited in Powell and DiMaggio 1991). Initially, the focus was on the values and interests within the environment shaping the organisations, now attention is placed on identifying specific institutional pressures, or causal mechanisms (either exogenous or endogenous), that might have particular effects on changing an organisation. Furthermore, it is recognised that this is generally from a multiple of sources. In Ashworth et al (2007) article on organisational change in the public sector, it demonstrates that 'the primary objective of organisational change is not better substantive performance but greater legitimacy. In other words, organisations adapt their internal structures in order to conform to the expectations of the key stakeholders in the environment' (Ashworth et al 2007: 165). In preparation for the investigation, causal mechanisms were identified, for example, the current budget cuts inflicted on the third sector organisations, and the relationship the organisations have with the government.

New institutionalism; Coping strategies

Following on from this idea of contextual pressures, Oliver (1991 cited in Scott 2001) has developed an ideology on different strategic actions (coping strategies) organisations may adopt in reaction; these are acquiescence, compromise, avoidance, defiance and manipulation - these strategic actions will be outlined in turn.

- Acquiescence is the most popular principle researched by organisational institutionalists, which refers to organisational behaviour conforming as a reaction to institutional pressure. This idea of conformity 'may entail either imitation of other organisations selected as models or compliance to the perceived demands of cultural, normative, or regulative authorities' (Scott 2001: 171).

- Compromise clearly refers to organisations negotiating with institutional pressures (Scott 2001). Specifically, the organisational behaviour is based on trying to bargain and find a balance for the conflicting external factors, ultimately to accommodate the different norms and values.

- Avoidance strategy is founded on organisations behaviour appearing to conform to institutional pressures, like the previous two, but are intentionally restructuring their organisations to be able to operate independently from them in the future, and thus, prevent being affected again (Scott 2001).

- The defiance strategy is an active behavioural strategy in response to the institutional pressures. The organisations either dismiss institutional norms, or challenge them by forming alternative structures. However, compared to the previous strategy this is openly demonstrated (Scott 2001).

- The manipulation strategy demonstrates how 'organisations may respond to institutional pressures by attempts at manipulation' (Scott 2001: 174), with the objective of having an effect on the surrounding environment. Again, this is an active strategy that openly demonstrates their disagreement to the institutional pressure, with the intention of forming a collective response to instigate change.

These strategic actions can be applied to represent the various ways third sector organisations may respond to the institutional pressure of budget cuts. Additional development in the theory has conceptualised the organisations as 'open system models', suggesting that they consciously make choices, such as choosing a strategic action. Subsequently, this explains why 'meaningful accounts are more likely to be imported from the environment than to be manufactured from within' (Scott cited in Powell and DiMaggio 1991: 170). However, Scott emphasises the importance of understanding how 'institutional rules set the limits within which strategic behaviour occurs' (Scott 2001: 176). Specifically, Scott notes that institutional theorists should not forget 'the properties of institutions, in particular, those associated with the cultural-cognitive purely on resources and technical information, the cognitive-cultural theory emphasises that individuals are active participants in decision making, which is generally underlined forms' (Scott 2001: 175). Therefore, how organisations interpret and place meaning on the institutional demands will influence which strategic action organisations will use. In the case of this investigation, a predicted example could be that the third sector organisations interpret the budget cuts to mean that they should no longer value the 'partnership' relationship, therefore resulting in the third sector organisations using the avoidance strategy. This means that the organisations will have no choice but to agree to the budget cuts, but will restructure themselves to no longer be dependent on public funding.

Although the organisations are now illustrated as conscious systems, rather than just shaped by the environment, the theory suggests these causal mechanisms typically have an effect on the organisations as a network rather than individual organisations, further reinforcing the

concept of isomorphism. Scott identifies the importance of collective response (from multiple organisations), and how this can 'have the potential to shape the nature of the demands and even to redefine the rules and logics operating within the field' (Scott 2001: 176). This is another development from DiMaggio and Powell's analysis, that rather than organisations being passive subjects to institutional systems, scholars now perceive them as active players (Scott 2001). This means that organisations can respond strategically, and collectively, which may lead to consequential effects and reshape institutional systems (Scott 2001). Although, this may appear to be contradictory to the previous point, Scott acknowledges 'how organisations respond depends on their individual characteristics or connections' (Scott 2001: 151) thus, ultimately demonstrating awareness that organisations different development stages may affect their response. Applied to this investigation, this theory demonstrates how the choice of strategic actions by third sector organisations (as a response to the institutional pressures of the budget cuts), and if undertaken as a collective response, may not only change the structure of the organisations, but could also have an effect on the institutional system - the relationship between the third sector organisations and the state.

Counter argument; 'Hybrid'

The organisational institutionalist theory is a comprehensive perspective to understand how institutions within society influence the structure and behaviour of organisations, and in turn, how this can have an effect on shaping institutions. Other scholars have also researched how organisations develop their structures, however, using contrasting explanations. For example, Evers (1995) illustrates the concept of how some organisations become 'hybrids'. Evers claims that some organisations intermesh different resources, to provide several types of services, with the intention of becoming more effective and efficient with limited resources. This clearly differs from the theory outlined above, as it is viewed as enhancing efficiency rather than as a response to social and cultural systems. Furthermore, Evers describes the idea of forming a synergetic welfare mix, which rather than implying the organisation structures change, it means to produce a more effective combination of resources and networks of the market, state, family and the third sector. The primary intention is to change the structure between the sectors to form a balance that reinforces the specific strengths of each sector, whilst minimising their weaknesses (Evers 1995). As Evers states 'the challenge is to intertwine them rather than to uphold clear cut separations and hierarchical relationships, with formal rules and professional routines clearly dominating the contribution of other parts' (Evers 1995: 192). These concepts are also very important for this investigation as they outline how the organisations may adapt, an alternative strategic action, as well as looking at how a new relationship with the state, and balance with the other sectors, could be formed to ensure the third sector is not used as a dumping ground (Evers 1995).

'The shadow state'; The relationship between the third sector and the state

In regard to conceptualising the relationship between the third sector and the state, Najam (2000) argues that there is currently a 'lack of firm theoretical basis'. According to Najam (2000), attention is fundamentally concentrated on how the third sector and the government perceive one another, however he believes to form a comprehensive understanding focus should be targeted directly on 'the reality and rationality of their institutional interests and priorities' (Najam 2000: 391). In the book 'The shadow state: Government and voluntary sector in transition' (1990), Wolch debates the idea of the third sector and the state being 'partners in public service' (Salmon 1980). Generally, literature on the field illustrates the state and third sector working in partnership, typically as a result of the significant emphasis the government has placed on formulating the 'Compact idea'. In contradiction to this belief, Wolch argues that this notion of partnership is deeply problematic for the third sector, as it disguises the movement of the third sector becoming, what she classifies as, the 'shadow state'. In respect to this investigation, the theory will be applied to this subject by first providing an outline of the underlining principles. Following this, the criteria will be illustrated to demonstrate the implications and thus, how the research will investigate the relationship between the organisations and the state. The investigation will focus on assessing whether national policies have reconstructed the third sector into the concept of the 'shadow state', or if there appears to be a partnership.

Wolch's book illustrates a detailed account of the social phenomenon, by first highlighting the different arguments on why the third sector was formed. However, undoubtedly her main focus is on how and why the third sector has undergone reconstruction, and what implications this might have on the third sector. Primarily, the fundamental argument for the reconstruction of the third sector in the UK is founded on the welfare state being subjected to retrenchment, particularly since the 1970's. Specifically, during the period of Thatcher leadership (1979-1990) the welfare state was critically assessed to instigate cut backs and restructured accordingly. In regard to the effect this had on the third sector, this was done in two components. First, the services the welfare state provided were 'selectively dismantled' (Wolch 1990), which obviously created gaps in service provision. Secondly, by 'externalisation' (Wolch 1990), which essentially meant commissioning non-government organisations, from either the private sector or third sector, to take responsibility for providing these services. With respect to this investigation, it could be argued this same process of reassessment of the welfare state is currently being performed, as a result of the recent

economic crisis. Plus, this model of how the third sector is being restructured to perform statutory services, due to severe cut backs, can also be applied to the investigated subject.

The fundamental argument of Wolch's book suggests that although this new relationship formed between the state and third sector, was apparently based on the belief that a partnership would be formulated 'characterised as mutually beneficial' (Wolch 1990: 85), it is evident there were additional institutional interests. Wolch claims that the 'states responsibilities for maintaining population welfare have been increasingly shifted to the voluntary sector as the welfare state has been restructured. This is transforming the voluntary sector into a shadow state apparatus. The dividing line between state and voluntary sector has blurred, and the lines of accountability for service delivery are eroding' (Wolch 1990: 205). Meaning that the state has used the third sector as a 'policy instrument' to address the issues of reducing welfare costs, and by decreasing the size of the welfare state without losing essential service provisions. So why did the state choose to implement this change in the third sector rather than targeting these services only to the private sector? Wolch highlights several relevant explanations that demonstrate why the third sector received a significant amount of attention, as 'voluntary organisations were characterised as more effective and responsive than statutory bureaus, better able to provide services to diverse clientele…More centrally, voluntary services were thought to be cheaper than their statutory counterparts' (Wolch 1990: 94). Overall, it is deemed particularly important to remember the emphasis placed on the third sector being ultimately perceived as a cheaper source of labour.

Through the intervention of national policies reconstructing the welfare state with the purpose of becoming more efficient, Wolch claims this has subsequently restructured the third sector into a 'shadow state'. In parallel, this has subjected the third sector to detrimental implications (which will be used as the criteria to assess the relationship between the state and the third sector). As a result of the increased attention from the state to the third sector, essentially due to the government becoming reliant on the third sector performing statutory services, this explains the shift in funding strategies used by the third sector. 'Patterns of funding in the sector changed substantially over the past two decades….Direct state funding grew rapidly' (Wolch 1990: 187), the third sectors increasing dependence on public funding ultimately had direct effects on the third sector becoming more accountable. This can be demonstrated through several factors that were stressed by the state, such as, the third sector having to do more planning, monitoring and evaluating, which Wolch further argues, questions the autonomy of the third sector. Studying the movement in the UK third sector, Wolch describes

'there was little doubt that establishing public authorities as the senior funding 'partners' seriously undermined the autonomy of the voluntary sector' (Wolch 1990: 87), by controlling the organisations focus on the service they delivered, and how it was delivered. A major concern on this inflicted control over the third sector, is that the organisations would start to conform and remodel themselves according to new implemented national policies (Wolch 1990), in the fear that they will be blocked from future access to funding.

Of particular significance in Wolch's theoretical argument on how the third sector is being reconstructed into a 'shadow state', is that she applied the 'new institutionalism' theory to explain how institutional pressures have effect on organisations behaviour. She argues that 'the voluntary sector does not operate in a vacuum. Rather it is situated in a broader social context, which includes the state, market, and social groups' (Wolch 1990: 25), emphasising the effects from external factors related to the political and economic context, which are embedded in the third sector organisations environment. Essentially, Wolch illustrates the effects these institutional pressures have on the restructuring of the third sector organisations, suggesting there is a movement towards a 'contract culture' based on service provision, and an increase in entrepreneurial status. However, Wolch argues that using the third sector as a 'policy instrument' places it in an extremely vulnerable position within society due to several factors. Unsurprisingly, she believes there could be worrying connotations that 'when government de-funds social programs delivered by voluntary organisation partners, crises ensue, revealing the sector's vulnerability as contract or shadow-state partner' (Wolch 1999: 26). Furthermore, Wolch claims the state has unrealistic expectations on what some third sector organisations can provide, specifically in regard to small grass root organisations as 'small, flexible service providers may not be the most efficient nor can they contend with the market bureaucratic requirements of grant givers. Participatory, cooperative, grass root groups may have minimal expertise to carry out service functions, and their incorporation may only increase overall inefficiency' (Wolch 1990: 111). Consequently, Wolch's study found that 'many traditional, professionalized and well established voluntary organisations…' were able to adapt effectively to the new strategies and institutional environment, and predicted to survive in this new climate. However, other small grass root organisations could not cope with the new strategies consisting, of remodelling, competing for contract, and monitoring, and subsequently, '…became more marginalized, even to the point of extinction' (Wolch 1990: 215).

To conclude, the theoretical framework appears to be multidisciplinary, taking approaches from Geography and Behavioural science (Wolch), Institutional theory (DiMaggio and Powell) and sociological elements. Overall, the main theoretical bias appears to be towards the theoretical approach of 'New Institutionalism' (Scott), applying the concepts of how institutional pressures identified within a specific environment (also outlined in Wolch's argument) have an effect on organisational behaviour, however realising that organisations can respond by several strategic actions. Furthermore, the branch of new-institutional theory used for this investigation is primarily influenced by sociological elements, such as the concept of cultural-cognitive theory, rather than based on an economic or political discipline.

Research Questions and Hypotheses

Research (main) question

The aim of this study is to investigate the main empirical research question 'In reaction to the current budget cuts in England, what coping mechanisms and changing patterns can be identified for third sector organisations that provide a service for asylum seekers and refugees on behalf of the government?'

Sub-questions

To address the investigation, the main research question is formulated into separate sub questions, by using previous knowledge of the context/background and theoretical foundation, for the purpose of emphasising focus.

1. With respect to the internal structure, the relationships with other organisations, and the relationships with the state:
   a. Can similar structures and patterns be found?
   b. Has policy development (such as the 'Compact idea') fostered a change (shadow state/ partnership), in (which) organisations? Was there an isomorphic trend?
   c. Are the current budget cuts fostering a change in (which) organisations? Is there an isomorphic trend?

2. In response to the budget cuts can different organisational strategies be identified? According to which logic?
   a. Are the organisations motivated to restructure their organisations with the aim of improving efficiency and effectiveness?
   b. Or are the organisations influenced by institutional factors (social and cultural values) in the environment?
   c. Why have some organisations had to close down?
   d. Are the organisations collectively using similar strategies? Does this appear to be having external effects on institutions?

Hypotheses

Following the construction of the theoretical framework and formulation of the above research questions, explanations of the questions are developed. These hypotheses (outlined below) are developed using the different theories previously described, the hypotheses are laid out in the order of the questions, and grouped theoretically for convenience.

Isomorphism

Organisations that originate from the same field, such as asylum seekers and refugees, homogenise their structures and behaviour due to institutional isomorphism, meaning they share cultural and social norms.

As a result of the organisations sharing the same norms and beliefs the organisations will have similar relationships with one another.

As a result of the organisations sharing the same norms and beliefs the organisations will have similar relationships with the state.

'Shadow State'

The late 1990's policy development (the 'Compact idea') led to third sector organisations, such as asylum seeker and refugee organisations, becoming the 'Shadow State' and more reliant on public funding, rather than formulating a partnership.

The 'Compact idea' influenced the government to become reliant on the third sector providing welfare services, reinforcing accountability and monitoring.

The 'Compact idea' was more likely to change the organisations that needed funding support, than the organisations that are independent.

The institutional pressure of policy development influenced the change in the structure of the organisations, which were then homogenised.

As a result of the institutional pressure, policy development (such as the 'Compact idea' and the 'Big Society'), changing the social norms and values, the organisations structure is developed and thus changing the relationship with the other organisations/ government.

The organisations that were more likely to become part of the 'Shadow State' and more reliant on the state, will be affected the most.

Isomorphism coping strategies

As a response to the institutional pressures this has influenced the organisations to change the structure of their organisations.

Due to institutional isomorphism the organisations are changing their structures in a similar way.

As a result of the institutional pressure, the budget cuts, changing the social norms and values, the organisations structure is being developed and thus changing the relationship with the other organisations.

As a result of the institutional pressure, the budget cuts, changing the social norms and values, the organisations structure is being developed and thus changing the relationship with the state

As a result of institutional pressures the organisations are changing their structures in order to survive.

Organisations with a behaviour based on a logic of efficiency and effectiveness will combine their resources with other organisations, and restructure to become 'hybrids'

Organisations decide which strategy to use by the meanings they interpret from the situation using social and cultural values; this may lead to alternative responses.

As a result of the organisations originating from the same field, they will share social and cultural norms which shape the organisations to take a similar structure.

If the organisations use logic of acquiescence the organisations will conform to the budget cuts, and either continue in the same way, or change their structure to model a leading organisation.

If the organisations use a logic of compromise, the organisations will try to find alternative structures by bargaining and balancing the difference norms and values.

If the organisations use a logic of avoidance they will adapt their formal structures to look as though they are conforming, but will change their internal structures to no longer have dependence on the state.

If the organisations use the logic of defiance the organisations will publically disagree with the budget cuts and alter the structure of the organisation so they have no dependence on the government.

If the organisations use the logic of manipulation the main intention is to change the structure of the organisation to alter the government's perception on the budget cuts.

A collective response by the organisations can result in reshaping of institutional systems i.e. the relationship with the state, the balance of the welfare mix

Approach to research

This chapter is dedicated to providing a detailed outline of the methodological approach used in this investigation, founded on the principle that the research could be duplicated or progressed further. The selected methods for data collection, data preparation, and data analysis will be justified in turn to illustrate why these were deemed the most appropriate, to obtain the relevant information for the research objectives. Specific, attention will be concentrated on demonstrating how the theoretical approach was operationalised to identify how and with what instruments the research methods would collect the relevant data.

Methodological approach

Following on from the previous chapter, focused on the theoretical framework for the investigation, it is evident that a qualitative approach to the investigation is the most appropriate. In respects to the identified social phenomenon, rather than using quantifiable methods to count and measure the situation in an attempt to find causal links, the focus of this research is to develop an in-depth account about the nature of the content. As stated in Boeije (2010), the intention of qualitative research is to 'discover the meaning that people award to their social worlds, and to understand the meaning of their social behaviour' (Boejie 2010: 12-13). Thus, a qualitative approach has been adopted to understand the organisations' interpretation of the budget cuts towards the third sector, their perspective on the effects this has had, and their reasoning behind the development in external relationships and why specific coping strategies have been adopted.

Although, a comprehensive foundation was developed during the literature review on the subject topic, it was not previously known what the organisations' perspective on the current situation would be, and which specific strategies they were intending to use. Thus, the focus of this case study was to conduct an exploratory research based on a fundamental approach. This means, as a result of the subject being a relatively new area, rather than the study focusing on confirming a theory or being practically orientated, the aim was to further develop understanding and to fill a knowledge gap in the area. Furthermore, development in the area could then be further expanded and researched on, to find appropriate solutions. Consequently, to instigate this particular study it was thought appropriate to use a field research strategy, comprising a triangulation of methods. Primarily, this combination of methods, participant observation, questionnaires, and semi-structured interviews, was adopted

to increase the validity and reliability of the collected data by cross-referencing the different perspectives, and as a way to access the field. Each method will be described in turn (which also illustrates the procedure of the conducted research), to demonstrate how they were specifically designed to concentrate on collecting particular areas of information.

<u>Data collection</u>

Initially, it was viewed of significant importance to participate in the investigated field to develop a comprehensive understanding on how the social phenomenon was constructed and worked. As described by Boejie (2010) 'participant observation is an umbrella term that covers several methods and techniques. The research observes people's activation, accompanies participants, takes part in their activities, reads documents, provides aids or does small jobs, and interviews participants' (Delamont 2004 cited in Boejie 2010: 60). Throughout this investigation, several methods of participant observation were undertaken, consisting of; volunteering for 6 months with an organisation that provided a service for destitute asylum seekers, professional training on the asylum seeker legal process, and attending a conference dedicated to the current social problems directed at asylum seekers and refugees (ASR) organisations. The intention of using this particular methodology was to formulate a broad perspective of the overall system and social situation, in this particular environment. The data collected through detailed memos, outlined valid information on firsthand experience with interacting with ASR, working in a third sector organisation and how they interact with other organisations, developing knowledge on the different services available, and what the major concerns were for these organisations.

Following this, although contact had been formed with some managers of organisations, the issue of how to access the field and allocate participants (managers or founders of ASR organisations) to interview was addressed. In alliance with one of the main ASR organisations, questionnaires were designed and sent by email to all of the organisations that provided a service to ASR, in the local area, with the purpose of constructing a 'mapping service' [i]. The questionnaires were simply designed, with the purpose to gain a high response rate (see appendix 1). The data collected provided important up to date information on what kind of organisations were in the area, which ones had closed, the services they provide, and whether there were any gaps in the services/resources (see appendix 4 for an overview of these organisations). Overall, 30 questionnaires were sent to a mixture of organisations, private and third sector, of which 20 responded. The questionnaires that were completed by third sector organisations were later contacted by telephone to participate in the interviews.

As stated, this investigation was focused on conducting a case study, researching a specific context (field and area), thus it was deemed inappropriate to use quantitative approaches due to the limited number of third sector ASR organisations in the area.

The mass of the data collected, and arguably the most relevant, was gathered from the semi-structured interviews. As the focus of the research methods was to obtain meaningful and in-depth data, it was evident a semi-structured format should be adopted, to provide the interviewees with an open and flexible environment to reflect on their own experiences and have the opportunity to suggest new themes. In respect to this study 'the goal of an interview is to see a slice of the social world from the informant's perspective and the interviewer is merely facilitating the process. Interviewees are invited to share their ideas and opinions and may do so to a large extent on their conditions' (Boejie 2010: 63). Significance, was concentrated on the formulation of the interview questions, categorising the 'measuring instruments' to use, fundamentally to address the aims and objectives of the investigation. These will be referred to further on, explaining what data this method was focused on collecting.

To demonstrate consistency throughout the interviews, a brief introduction was given before conducting each interview. Illustrating what the research was about and what the intentions were, time limitations, thanking the participant, asking for permission to record the interview, and how they would be debriefed. Most importantly it was to address ethical issues, such as, asking for informed consent and stating confidentiality. Further consistency was emphasised, by preferably conducting face-to-face interviews in their own work environment, generally in a quiet place for it to be recorded. It was recognised this would put the interviewee at ease, and thus more inclined to provide a meaningful account of their experiences/perspectives. One interview, however, was conducted by telephone due to geographical constraints. It is important to note that like all qualitative research progression, elements were refined and revisited throughout the investigation (Boejie 2010). For example, the topic list of the interview had to be slightly rearranged/ rephrased for specific interviewees i.e. the member of council.

Sampling procedure and respondents

As previously outlined, this research investigation is based on a case study of ASR organisations, however, it is founded on the principle that these findings could be applied across the third sector organisations. The main reason for this decision was that it was unfeasible, due to numerous limitations, to research the whole third sector population. Considering this factor, it was decided that a purposive sampling would be used for the interviews, where 'the cases are specifically selected because they can teach us a lot about the issues that are of importance to the research' (Cayne 1997 cited in Boejie 2010: 35). Thus, the participants contacted after completing the questionnaires, were either managers or founders of ASR third sector organisations, due to their expertise in the organisations funding strategies and networking patterns. These managers/founders originated from a range of organisations, that varied in size (small grass root to large established), services they provide, faith based, or focused on ethnic communities. Furthermore, several participants were chosen for their additional knowledge; one had worked at the main national organisation that closed down, one was newly establishing an organisation, and one was head of a third sector forum[ii]. For a complete perspective, a member of the council was also contacted to illustrate the council's perspective on the social situation, and provide cross-reference information. Overall, it could be argued that the developed research sample accurately represents the different characteristics of the research subject, and explores a variety of perspectives. Altogether, the sample number was 15 interviewees, and all the invited organisations and council member co-operated, this might be due to several reasons. For example, the understanding of the urgency that the situation needed to change, the type of people in the third sector are open and welcoming etc. The reason for this sample number was a result of the limited number of third sector organisations in the area, and it was thought the research would reach saturation, and no new information would be gathered, after 15 interviews.

Operationalistation of the theoretical approach

A fundamental part, and essentially performed at the beginning of the methodology process, is to operationalise the theoretical concepts of the research, and construct the 'measuring instruments' that will be used to collect the relevant data. First, the theoretical framework (isomorphism/ coping strategies/ shadow state) and the developed research questions were interpreted and operationalised (see appendix 2), thus formulating a topic list for the interviews. The main aspects of the topic list were on the structure of the organisations, funding strategies/ future developments, relationship with other organisations, relationship with the state. Following this, specific 'measuring instruments' were developed with the

purpose of collecting particular information that are correlated to address the aims and objectives of the investigation (see appendix 3). When the questions were formulated for the interviews, they were then placed in a logical sequence (Boejie 2010) for the interviewee to understand, plus attention to flexibility to adapt the sequence to the interviewees interests (see appendix three). In this research design, the questions were specifically formulated to use appropriate language, reflect the interviewee frame of reference, and were open-ended, all in the interest of enhancing the interviewees' perception of the subject area, and could thus, accordingly expand on this.

Analysis procedure

The outcome of performing the methodological procedure for the semi-structured interviews was a collection of 'raw data' in the format of electronic audio's. To form analytical interpretation of the data, identifying relevant patterns and themes, the 'raw data' first had to be prepared, and then systematically structured. Preparation of the data, entailed producing transcriptions of the audio's directly after the interviews were conducted, taking care to note any important points i.e. significant pauses, sound of voice, laughing. During the transcription process (which will be used directly as quotes in the finding chapter) the English was only grammatically corrected if it was completely incoherent, otherwise it was transcribed word for word to emphasise authenticity and validity. Also, it was relevant to construct an overview of all the organisations, to illustrate the main characteristics, and importantly, due to the sensitivity of the information collected, to code the organisations to ensure they remained confidential and anonymous (see appendix 4).

After the 'raw data' is produced into text form, a constant comparative method (Boejie 2002) is applied. By identifying categories that can be used to highlight common patterns and combinations in the data (Boejie 2002), with the underlining focus to address the aims and objectives of the investigation. Before using the computer software MAXQDA, which systematically reduces the data into manageable structures, a coding tree is developed (see appendix 5) illustrating the different categories. Whilst developing the coding tree it became apparent there were two separate sections, one focused on the coping strategies (Oliver 1991) used by the organisations in reaction to the budget cuts, based on the institutionalist theory and also identify isomorphic characteristics. The other section focused on whether any changes/or persistent characteristics could be identified in reaction to the budget cuts, in respect to the organisational structure, relationship with other organisations and relationship

with the local authorities/ government. This section was based on demonstrating the theories on isomorphism, coping strategies (specifically the compromise strategy demonstrating the relationship between the organisations) and the shadow state. However, when applying this coding tree to MAXQDA, each section took a different format. For example, when coding the text with the latter section this was done in the typical way, by coding the text with subcategories, which will later be analysed by categories. However, in the case of the former section the coding was more complex, as the subcategories over-lapped in the coping strategies (see appendix 5). For instance, organisations that 'do not publicly disagree with budget cuts' is constant for three coping strategies. Therefore, it was decided the main category label would be used to code the coping strategies, rather than the individual subcategories e.g.. If organisation Y 'do not publicly disagree with the budget cuts', and the 'ethos is based on a business approach' the organisation will be coded as using an avoidance strategy. Although, the coding tree was initially developed in detail, whilst coding the text new codes were highlighted throughout the process. Furthermore, during the coding process, observations on commonalties and complex relationships were noted, and thus reflected upon during the analysis in the context of previously held knowledge in the field.

Findings

The focus of this chapter will be to identify and illustrate the main findings concluded from the 15 semi-structured interviews conducted. As previously discussed in the methodology chapter, analysing raw data (the transcriptions) in qualitative research consists of the researcher interpreting the participants' experience (Boejie 2010). Hence, the findings (interpreted data) outlined below have been selected as relevant information for explaining the objectives and aims of this investigation. Subsequently, the theoretical topics are highlighted in conjunction with the findings (which are emphasised by selected quotes) to demonstrate the relevance of the previously constructed hypotheses. The quotes and the organisations are referred to by the codes outlined in the chart in Appendix 4, this chart also provides an overview of the organisations main characteristics.

Isomorphism

To produce an indication of the effects of the budget cuts on the investigated third sector organisations, in respect to, the coping strategies used, and their relationship with other organisations and the state, a foundation needs to be outlined around the description of the organisations. Although all of the organisations denied modelling themselves on other organisations, common themes and patterns can be determined. A number of similar components could be distinguished from the data collected; all of the organisations use volunteers, generally a flat management structure is used, and the ratio of volunteers to staff in the organisations demonstrate that they are heavily reliant on volunteers (except two larger organisations who have a significant large employee number). These observations are unsurprising trends for the third sector. For example, in comparison to the public and private sector that are typically based on hierarchical structures, these organisations emphasise the importance of equal employee status, some of the organisations did not have any form of management. Illustrating this concept is an organisational employer who belonged to a non-management structure; this was his response when asked if their organisation modelled themselves on others:

'Not at all. We are actually trying to drive other organisations, such as [organisation name] to take on student volunteers. They are traditional hierarchical structure, have a director and managers, and have that chain of superiority through their organisation, and we have chosen to not be like that… People cut out a niche and fight for what they are doing, becomes more about you and the working relationship. Here it is never about our working relationship, because we are all quite vulnerable, we have to work well together for it to actually continue. You have to say when things are going well or bad, or you have to compromise, you can not hide away and then grind about it. We are only human.' Organisation L

On the surface, the principle of isomorphism (previously outlined in the theoretical chapter) can be detected throughout the investigated organisations, by the similarities of their internal structures previously described. Significantly, the principle of isomorphism is further demonstrated in the collected data, illustrating that the organisations divide into two isomorphic groups, contrasting in several characteristics. The first group can be distinguished as organisations that are classified as grass root organisations (organisations A, C, E, F, Z see Appendix 4). Fundamentally, these organisations are classified as being relatively small, have strong links with the community, and generally founded by an asylum seeker or refugee. Typically they do not have any/or few paid staff, are heavily reliant on volunteers, and are established fairly recently. The second group consists of larger organisations that use both paid employers and volunteers, provide a range of services, and have been established for a longer period of time (organisations B, D, G, H, I, J, K, L, M, see Appendix 4). The findings demonstrate a comparison in isomorphism in the two groups by the different coping strategies used, contact between organisations is limited mainly within their subgroups, and that the larger organisations have more meaningful contact with the council. Throughout this chapter isomorphism will be used as a tool to refer to the factors previously identified, with the intention of providing insight into why two isomorphic groups have collectively developed, how they differ, and what the overall implications of this may be.

Funding

To instigate the outline of the findings, it is essential first to describe the current approach the investigated organisations have towards funding strategies. Previously described in the introduction, the third sector was traditionally formulated on the ideology of using funding strategies such as fundraising and donations. It is relevant to state this context, as now, the data showed that only half of the investigated organisations used fundraising and/or donations, whereas three quarters of the organisations used public funding. Although all the organisations claimed they used a mixture of funding sources, such as, charitable grants, public funding, donations, and fundraising, two thirds of the organisations claimed that they were heavily dependent on public funding. The statement below illustrates one organisation manager's past experience on funding strategies:

'Last year, 85% of our money was government money that is a fair old whack. The rest, the 15%, came from charitable trusts. We have been traditionally crap at fundraising, in the sense of public giving or sponsorship. We develop a project, try and persuade someone in local government or central government to do it, or a charitable trust to give us the money to do it, and we have just got on in that way.' Organisation M

So what explains this movement in funding strategies? It appears there are two parallel factors, first, the government's increasing involvement with the third sector, and second, the third sector organisations' critical assessment on different funding strategies. The latter explanation is illustrated by 10 of the organisations identifying the importance of using fundraising; such as bringing the community together. Primarily, it is viewed as advantageous due to the benefit of having unrestricted money. Meaning money that is collected through fundraising and donations and has no subsequent conditions attached to it (like grants or public funding), thus an organisation can unconditionally choose where this money is directed. Here is a manager's perspective on the advantages of using fundraising;

'They are, they are almost essential to be honest. If you fundraise for yourself you are effectively creating an income that is completely and utterly unrestricted. The more unrestricted money you have the more you are able to actually channel that funding to the need, rather than trying to manipulate the need to fit somebody else's criteria' Organisation L

As a consequence, given the category of asylum seekers and refugees (ASR), this factor is of fundamental relevance, as several organisations commented on the government's negative bias towards funding certain social groups, in particular, individuals who have destitute status. The perspective below was taken from an organisation that is heavily reliant on public funding, thus fully aware of the constraints of only using restricted money:

'The very anonymous work that we do, we are privately raising money by having pub quizzes and things like that. We raise money for what we call the destitution fund, 'cos we see more and more people, for some reason or another, that have fallen out of the system. I think the week before last I saw five women who if they managed to stay out of prostitution it would be a miracle cos for some reason or another they have got what we call no recourse to public funding so they can't draw benefits or anything. So a lot of the staff they think I don't know but I do. They put their hand in their pockets and they club together to buy B&B's [Bed and Breakfasts] or if we got enough money in the destitution fund we will do that. That kind of work is not written down, and is not funded, and will not be funded by anyone, and in fact some people would say that you're encouraging illegal AS. It is inhumane how people are treated. Our staff I am really proud to say will try to provide something, it may not be a lot but they call in favours, they phone friends. That kind of work to me is probably more important than some of the policy work we have to do and have to tick peoples' boxes' Organisation J

However, several themes were highlighted that indicated problems in using methods such as fundraising/donations. For example, fundraising is extremely time consuming, some organisations may have limited capacity, the general public donate less money, and some organisations suggested that ASR are not favourable to donate to, unlike other clienteles, such as children or animals. These illustrated elements demonstrate how external factors within the environment can have an effect on organisations. Subsequently, organisations have

recognised the appeal of applying for numerous funding opportunities, typically grants and public funding, to maximise success. One manager's thoughts on fundraising;

'Yes it is positive, as it helps people get on board. But it needs a lot of time and effort. For us though we are not very needy, on the face of it, it is easy to say that other groups need the money. Also we don't do the front line stuff, what we do is actually quite peripheral. So in terms of charity funding, in the grand scheme of it, if I am standing next to the guys who are working with disabled children I don't come out very high on the list to the person to give your money to' Organisation H

The second factor parallel to this - it appears that the government has tried to become more involved in the third sector, initiating policies such as the 'Compact idea' to form a partnership. Whether this partnership is perceived to have existed, or what the current status is, will be discussed in more depth later. What is of relevance here, these government interventions aimed at increasing their involvement with the third sector, specifically by commissioning non-profit organisations to provide welfare services, have consequently shifted the focus of where the third sector source their funding. This is evident from the number of organisations that now receive public funding, which has accordingly increased dependency, and the government's shift from using grants to SLA's[iii] to promote stricter control and monitoring on commissioning services. In conjunction, with the movement in funding strategies, the investigated organisations are aware these pots of money are decreasing, and more organisations are targeting them. Therefore, many organisations recognise the importance of now having one member of staff just dedicated to applying for funding bids. Below is one organisation's experience on changing funding strategies:

'I think it is about 60/40. 60 SLA and 40 grants…. Whereas with SLA and tenders and things like that is a contract, they are asking for a service and you put in a price for that, and they are looking for best price best delivery best quality, that is public funding. It used to be pretty much 100% grants and gradually it is going more SLA's. But that is where we are having to be more business like as we are having to compete potentially with the private sector and other organisations, and it's more around than applying for a grant and then agreeing to that grant. With a SLA it's more the case that you are all going for the same job if you like, the same service provision.' Organisation J

Effects of the budget cuts

Resultant from the previously described movement in funding strategies, it is unsurprising that all the investigated organisations were aware of the current budget cuts targeted at the third sector, specifically ASR organisations. However, significantly 4 out of the 14 organisations claimed that they had not (at the time of the interview) been subject to any negative effects caused by the budget cuts. The interpreted reasons being: two of these

organisations did not use public funding; one of the organisations was in the middle of a funding cycle[iv], so had not yet felt the predicted effects; and one in contrast, had received positive effects from the budget cuts. The latter organisation provides a significantly unique (and contrasting) experience compared to the other investigated organisations; of an organisation heavily reliant on public funding that plans to continue using this funding source, and has subsequently received positive effects from the budget cuts, such as forming a partnership with the council. The organisation's founder claimed the explanation for this, was as a result of the 'Time Bank'[v] service the organisation provides, based on the idea of individuals exchanging skills through a currency of time rather than money. The founder of the organisation described this service:

'The time bank is a skilled work exchange. You do an hour or something for me, and if you need help you get an hour from someone else. Like being a volunteer for the Red Cross, if you do two hours, these two hours will go on your time bank account, and then you need your garden done, then you find me and I find someone who can do this. No money is exchanged, but you have to help their need, and they help your need. So a lot of British people offer to help do mentoring, and a varied variety, like teaching how to help get a job, write an application, survive an interview. AS offer mostly DIY [do it yourself], doing gardening, helping with cooking, a big variety. It is sharing, but it should be something that you really enjoy doing' Organisation A

Whilst discussing the organisation's contact with the local authorities, she noted that there had been a positive development in this relationship due to the current budget cuts, by receiving more attention (through contact time/ funding opportunities) towards their organisation and promoting awareness of the 'Time Bank' within the local community. She reflected on how the relationship used to be before the budget cuts, and how as a result of the economic crisis this has developed into a partnership, offering additional funding;

'Yes they knew about us, and we talked and had contact. But apart from asking us to do a women's class that we were already doing, it wasn't working together on something….But now it seems that they are pushing it. They have neighbourhood meetings in [location] where people meet and discuss their problems and they want me to go and describe the 'Time Bank'. And have a big conference with all the projects that do time banking. They are really pushing it….[in regard to additional funding] they have offered already and asked what it is we need, sometimes I am surprised myself. The community foundation has sent an application that they have more funding for [location] and can I please apply.' Organisation A

What are the principles of the 'Time Bank' service that makes it so unique and attractive to the local authorities, whilst other organisations are suffering severe consequences in respect to the current budget cuts. The founder's interpretation of the situation is that:

'It is an answer to budget cuts, as money is not needed. The [location] city council might have to pay venue hire when people meet, and there should be somewhere where they can meet, but that is all. It is not very expensive to

do that. It is a way to cut costs'. Organisation A

On reflection around the outlined findings, the concept of the 'Time Bank' service appears to coincide with the new implemented national policy, the 'Big Society'. It emphasises that individuals should become more involved in the local community, rather than relying on welfare provisions, by taking responsibility for providing community services. A more detailed argument on this policy development and the implications will be given later in this chapter. However, what is relevant to highlight in this context, is that the example of the 'Time Bank' service demonstrates that some services may be favoured (through funding/ contact time) by the government, primarily in the belief it will promote the government's agenda. Subsequently, half of the respondents openly reported their fear that the government might be biased towards certain services, resulting in organisations starting to remodel themselves accordingly. Highlighted below, is one concern illustrated, on how government policies can have influential effects on services:

'Whenever you apply for funding there are conditions that are tied into it. It might not necessarily be the management structure of the delivery but it will be some sort of delivery. If you have gone for funding, which typically is employability funding, or to encourage people from black minority ethnic communities or ASR to essentially lessen them to sign onto the dole, that's the reason why the money has been put out there. You will be monitored very closely, you have got to then try and encourage people to go for work and to sign off benefits. You have twisted your entire delivery service to the expectations of that funder. You might see it as helping refugees get jobs but the funder might see it as, nobody would really admit it, they want less people signing on. Whereas, the organisation will justify it to themselves that we are supporting people into jobs' Organisation K

Apart from the four organisations previously identified, the recent budget cuts have had an effect across the investigated organisations. It is not unsurprising that most organisations dependent on public funding have been subjected to negative effects from the budget cuts. However, what is of relevance, are the two distinguished types of effects and the explanation of why some organisations that do not use public funding are affected. From analysis of the data it is evident that there were two types of effects, direct or indirect, and either both or one can be inflicted on an affected organisation. The direct effect simply correlates to an organisation's public funding being cut resulting in limiting services, internal restructuring (cutting working hours/redundancy/combining job roles). Below are several examples of interviewees discussing their experiences of how their organisations have been directly effected by the budget cuts:

'Yes particularly the admin. Seven years ago we had one director, four managers and now there are two co directors and a business manager, so that's a huge cut. That means us three have to do all of the fundraising, and

also have to do all of the staff supervision, and quite frankly fundraising could be a full time job.' Organisation B

'Yeah they already are. We go through the redundancy process ever year, in the last couple of years we have done very well to maintain what we have got. We have had a few redundancies, in some cases we have been able to get some funding back and re-employ some of the staff. We are using every means that we can to retain the skills and experience of the staff that we have got, but you know some of the staff are at eminent risk if we don't get funding' Organisation J

The data collected showed that 8 out of the 10 organisations who had experienced negative effects claimed it was direct, 2 of which also experienced indirect effects, and the remaining 2 organisations were only subject to indirect effects. To produce a comprehensive overview of what produces the indirect effect on an organisation, it is appropriate to note that the main national organisation (Organisation X) in the area closed down several months prior to the research being conducted. This organisation provided an expansive range of services, such as advice, legal information, case work etc, and was generally beneficial to the area. However, as a result of the organisation being heavily dependent on funding from the national government and targeted cut backs, the organisation had to close down in that particular location. One of the participants interviewed was also a previous employee of this organisation and experienced the process of it closing down. Below is their perspective on why the organisation closed down, demonstrating a prime example of why it is a detrimental disadvantage for an organisation to be heavily reliant on public funding:

'A mixture of factors really. Because of relying on Home office and UKBA didn't help that much, which was their main source of funding…. Then the funding for refugees got cut by 80% at the time, so we had a lot of redundancies happening within the agencies, and lost the management, and the case work hours, and then the one stop shop was going to be cut. We were asked to make savings, cut back exercise. And as [location] historically has always had the lowest numbers of dispersal AS actually living within the area……Before the decision was made everything was taken into account, also whether any services are available to AS. [location] was not the best one to pick, as we are struggling as we are. But if you compare [location], where there are higher numbers, maybe that's the reason why they decided to close down, in terms of the numbers affected by the closure, the impact was not going to be as bad as other regions. But then you could argue that again in other regions because they are more diverse and more RCOs, more community support groups it may not have had such an impact on the actual clients.' Organisation G

According to the descriptions of the indirect effects on the organisations, a major consequence of the main national organisation closing down was the pressure from the increased workload placed on other organisations to provide these services. This was more the case for larger organisations (explaining why some organisations that do not use public funding are

affected), who already provide some equivalent services, but might not have the necessary capacity to cope with the increase in demand. Here are a few statements of indirect effects:

'[Organisation X] that closed has had a huge impact, because we get twice as many people coming through our doors now' Organisation D

'We lost [Organisation X] office in August 2010, so we lost one of the major advice centres for ASR and we lost legal representation for ASR in our region, and that put an awful lot of pressure on the organisations that I'm working with. And on a regular basis people are coming up and asking me questions they shouldn't have to be asking me they could of gone to [Organisation X] or to a solicitor to ask' Organisation K

To provide an overview on the effects of the budget cuts, and comprehensive understanding on where they were founded, the council member's perspective on the situation will be outlined. From his account he describes how the budget cuts were targeted at their unit in the council:

'Yes, in regard to the more recent budget cuts the council has had to save something like 20% of its overall budget in the next three years. I think we came out of it a lot better than was expected, we have a Conservative administration so it could have been quite easy for them to put a line through it. Which they didn't do… Nevertheless we still had to take our share of the cuts. Our cut was about 20% so what we did was spread that across the staff budget and the commissioning budget, we reduced the number of staff, we lost two posts.'

Supporting the previous analysis, he too reflects how this has produced direct and indirect effects on the organisations. Obviously, it has had direct effects on the amount the council can subsequently commission the investigated organisations' services:

'We never provided a front line service to AS, some authorities have an asylum team, we have never had that. We have always commissioned services for AS, but the amount of commissioning that we have done in the last few months has literally reduced significantly.'

In addition, he illustrates an alternative perspective on how the budget cuts have created indirect effects on the organisations. As outlined, the council unit has been targeted with 20% budget cuts from the national government, and in response has instigated survival strategies. For example, as previously described, the council has decreased the amount they commission the organisations, and through internal restructuring, such as redundancy and combining several job roles. Interestingly, he claims the internal structure of the unit has been in a continuum process of restructure for several years, as a result of the national government changing policy focus, as well as, imposing budget cuts. He describes how initially, there was

an officer dedicated to ASR needs, however, this role later combined the responsibility of three other socially excluded groups, to the current situation, where this role has now been terminated. Now, the responsibility for the broad range of socially excluded groups in the community has been passed on to him, in conjunction with his previous managerial role. He reflects on this progression;

'One of the impacts of the budget cuts is that we have less people in the unit and I am now responsible for covering all of the diverse communities. So that covers all the equality strands, disability, young people, men and women, faith communities I do a lot of work with now, particularly around the Muslim community, so my role is stretched in that way. But the main part of my role is to provide the council's liaison with those communities…… You put it into three periods. You had the early period when we had a dedicated officer and this very large strategy. And then a middle period where we had an officer that had that as a third of their job in effect and a much-reduced strategy, but we did actually do more in commissioning over that period. And now we are in our third phase if you like, were there isn't any commission money, there isn't the officer resources, and actually now we don't have a strategy any more.'

It is evident the budget cuts have had major effects on the council unit, specifically on their capacity. To maintain their service they have strategically had to reorganise, such as, the example of meshing different job roles together, and increasing the feeling of being 'stretched'. Undoubtedly, this has had an indirect effect on the amount of contact time the council now have with the investigated organisations, by trying to maintain all the different areas of their services. The implementations of this deduction in contact time will be discussed later in the chapter. Here it is relevant to note the effect the budget cuts have had on the council, and the service they are meant to provide to the organisations, by the detrimental reduction in contact time the council now have with the organisations. He reflects on whether there have been effects:

'Inevitably yes. Up until now I think I have maintained it where it matters. But what we have done is scrapped all the forums and the regular meetings. We no longer have a statuary forum or any kind of strategic forum specifically for AS. So that significantly cut my commitment.'

Coping strategies

Using Oliver's (1990) categorised strategic actions, outlined in the theoretical chapter, it appears the coping strategies can be distinguished into two phases. The first phase entails the immediate coping strategies that all of the organisations undertook as a reaction to the current budget cuts, the second phase, are the coping strategies the organisations have predicted (and some are in the process of implementing) to use as solutions in the future. In the former phase, 11 out of the 14 organisations are using acquiescence as an immediate coping strategy.

Primarily, this method is used as a means of survival to cope with the current conditions, such as the lack of funding, and resources, to prevent them closing down, and are not at present using alternative funding strategies. The other, investigated organisations are using this coping strategy to maintain their services as the budget cuts have not had a direct effect on their organisation. Below is an account of one of the other organisation's experience;

'It kind of comes and goes, it depends how things develop. If we are able to gain funding through, lets say getting funding through a partnership, a little bit of money comes in and protects us. It's about being creative in a way and making sure you don't work by yourself. But try to work with other organisations that might have access to additional funding and trying to do something together and in that way I guess we have been able to survive this year.' Organisation G

Overall, the main survival strategy identified in the first phase, is the organisation's heavy reliance on volunteers providing a free source of labour, and good will. Plus, future predictions suggest that these organisations may only continue to survive if employees also provide (some) unpaid labour. This is a significant explanation of why none of the organisations claimed they would have to close down. However, one organisation highlighted problems of using this strategy in the future:

'Volunteering might be another one, organisations may have to rely on voluntary workers more, but then do they have the right structure, support mechanisms in place within their organisations to make it work. It is very easy to take on volunteers, but would you be able to provide the same level of service or same quality' Organisation G

The other three organisations in the first phase are identified as using an avoidance coping strategy, as they appear to have progressed quicker in developing strategic planning than the other organisations, as according to them, organisations need to be constantly changing and dynamic. These organisations can be distinguished, emphasised by the quote below, as larger established organisations that have already adopted a more business like approach, for example, concentrating on selling their services as products. This is one organisation's description of their current coping strategy:

'30% grant funded and 70% entrepreneurial activity. So I think in terms of the agendas that are now in play we are a lot further on than other organisations who are just completely reliant on grants from the council, and that is not going to be there in the future. So we have been looking for about 5 years about how to sell our services, and because we have a building we hire it out. We sell our services and hire our facilities. That is difficult and we work very hard, but that does enable to us continue to function' Organisation B

In contrast to the first phase, the second phase demonstrates that only two of these organisations predict to continue using the acquiescence strategy in the future, with the

ideology of maintaining their organisations. This is due to neither of the organisations being affected by the budget cuts; one contradictorily receiving a positive effect (Organisation A), and the other is an international organisation that is not dependent on public funding, instead their independence is emphasised by using a combination of funding sources. Significantly, across all the investigated organisations there appears to be a general consensus that a collective compromise coping strategy should be undertaken to prevent repetition of this current situation, by creating a position within society. Throughout the interviews, several of the investigated organisations reflected on how there has been poor networking and communication between one another, and consequently, the disadvantaged position in which this has placed them. Furthermore, it was illustrated that if there was communication between the organisations this were limited within the isomorphic subgroups. Here are two examples of the experiences managers have had;

'There used to be a lot more bickering and fighting, as quite often we were all running for the same money, and it then serves your interest to bad mouth the other organisations or whatever. As, they're crap, you're good. But now there is not really any money to run after, and in fact they realise that instead of the organisational interest it is the service user interest that people are focusing on. And I generally feel there is a shift towards that. As a third sector as a whole it is very well meaning, and very supportive of ASR, but sometimes, especially smaller organisations, you are so protective of your own organisation the focus tends to shift to defending your own organisation's interests first… Now, I think everyone has just got a bit mature. This sector has really developed over the last ten years in [location] and there is less money around, and the organisations still standing tend to co operate a little better than they did before….. It is the only way they are going to be able to survive. It is not out of suddenly realising they like each other. It is out of necessity. Realising if we are going to survive and provide a service we are going to have to do this.' Organisation K

'At times it's very strained and cliquey. It can be very difficult as they were running after the same pots of money, so now ask for us to all work in partnership, where we have been in competition for a long time is actually asking an awful lot. It's asking a lion to lie down with a lamb. There are huge issues. The council obviously thought we would get ourselves into nice cluster groups and all get along, but actually there are a lot of underlying tensions. There are certain groups that won't attend a meeting if certain other groups are there, it's really as bad as that'. Organisation I

Now, a common theme identified throughout all the organisations, is the increasing incentive to start working together, by improving the communication network between them, more awareness of the services provided to reduce duplication, and sharing funding when possible. The underlying purpose is to strengthen the position of the organisations to become less vulnerable to external factors, to improve their services, become more efficient with the funding that is available, with the aspiration for the third sector to finally gain a political

voice. A reflection from an organisation on all the organisations using the compromise strategy in the future:

'Sharing of resources and partnership working, because if you have that no matter what happens you will still be able to serve the client group in one way or another. It might not be to the same extent, but if you have that in place then you are not by yourself in a sinking boat. To me that is crucial. If you are an agency that is trying to do everything for everyone without working with other agencies, not being aware of what's going outside your agency, of course they are going to end up in a worse place. But if you make other services available to other organisations and share resources and skills and your expertise. If you go, then it is just part of the puzzle and the duplication business that I mentioned earlier, of not wasting resources by duplicating work. And explore funding opportunities. Or it could be little things like organisations sharing premises together. It would be brilliant if [location] had some sort of community centre with ten different advice agencies based together, but could be doing similar things in a different way. So AS could go to one place. Like a one stop shop' Organisation G

Although all of the investigated organisations share this perspective of collective compromise as a future strategy, the isomorphic groups (previously described) can be clearly identified. In particular, the small grass root organisations, significantly, stressed the importance of using the compromise coping strategy, and predicting this is the only strategy they will use. The larger more established organisations (apart from organisation E, showing signs of modelling) want to use two coping strategies, compromise and avoidance. The fundamental component that contrasts these two isomorphic groups is the avoidance strategy, (conceptualised for this investigation), being primarily based on organisations adopting a business approach. This isomorphic group predicts that their organisation will develop alternative strategies to funding, with the intention of not being reliant on public funding, and will restructure their internal structure, such as combining job roles, to become more efficient. However, the underlying factor is that these organisations are starting/or already do, perceive their services as a product to sell, and thus, should invest in them. A prime example of organisations becoming more business strategic, is one organisation purposefully employing someone with previous experience of the private sector, due to their expertise in that area. Below are several perspectives on how organisations are predicted to use the avoidance strategy in the future;

'I don't think people saw the necessity, or recognised the difference in attitude. There is a different attitude if you are used to getting your money through the local authority……The way we look at it is investing. We are investing to accumulate. We are spending more on marketing, in the short term we wont see much back from that, but in the long term we think this will make us more sustainable.' Organisation I

'Most organisations will become a social enterprise or company. So can set up their own business and the profit goes back to the organisation. That's what most organisations will have to become now, because they cannot rely on the public funding any more because it is cut'. Organisation C

'We have shifted. We are very dynamic, and have a very dynamic director who is focused on looking at where the opportunities lie really, he doesn't want to roll over and give up he very much gets up and re-directs himself. So the organisation is shifting more towards lottery type funding, charitable types of funding, individual pots of money focused on particular services.' Organisation H

It appears the underlying principle of using the avoidance coping strategy is for organisations to become sustainable in the future, rather than being in the vulnerable position of 'hand to mouth' funding for which the third sector is notorious, or be victim to the same effects.

'Learn how to become their own, sustainable. Because they always rely to the grant and the public fund, and now there's a cut and have to start to learn without public fund, without grant we can be like carry on with our service. Be like a social enterprise. Start doing business and that profit goes back to community. So even if there are cuts people can still carry on and provide the same services'. Organisation C

An additional comparative indicator, of the two isomorphic groups, is that the larger established organisations (using the avoidance strategy) generally had a good relationship with the council. Strategic networking with the council was identified as one of the main business tactics adopted, by gaining access to information on funding and forming appropriate contacts. Reflection on experience of strategic networking with the council:

'Linking in with the city council or being the obvious organisation to work with is where we are growing our links at the moment and that is to the detriment of the day to day running of the organisation, it is so time consuming to do that. At the moment we are just keeping our head above the water' Organisation L

'We have a trustee who works in private equity banking her partner is an analysist. She analysed the funding over the last five years, who wrote what the path way was to secure it. What we concluded from the analysis was that a major part of that is the six months before you put in your bid where you get involved in conversations and feeding ideas into different groups of different environments, which then begin to permeate in other peoples conversations'. Organisation M

In contrast, the isomorphic group based on small grass root organisations has not developed such a business approach, which may be fundamentally explained by their limited capacity. These organisations are based more on a community spirit, volunteering, and typically directed at ethnic minority needs. Whereas, the larger organisations have more structures in place, expertise from employees, and an increasing number are dedicating a member of staff just for funding purposes. Further comparison of the two isomorphic groups is the emphasis

the small grass root organisations stress on using the compromise coping strategy in the future. The grass root organisations strongly reinforce the idea that all the organisations should work together, sharing resources (such as premises), services, and funding, positively believing that this will strengthen their services. Several grass root organisations have further suggested that they would like all the organisations to form a hybrid, where the organisations come together under one main umbrella and mesh their services.

'If you operate under one umbrella you can keep your separate things going on if you want…if you are a small organisation and you have some issues that you can't resolve yourself, you can take them to the big organisation and address the issues… Some of these organisations are there just for the sake of being there, if you evaluate these services they may not need to exist. There is no point keeping their name going if they have nothing to offer…. Because this is just the first year, after June, believe me, most of these organisations you won't hear about them. It will be a shame, as what they stand for will end there.' Organisation E

Although, the larger organisations agree that the compromise coping strategy should be adopted in the future as a form of prevention, there were several concerns on the degree to which organisations should work together. In particular, some organisations were adamant they did not want to form a hybrid, compared to the small grass root organisations. This isomorphic group claimed that although it may reduce duplication of services, organisations should remain independent due to their individual specialisation and expertise.

'They should be independent, and concentrate on what they do. But also to see what other people do, and if want to start something can have a look and see if there is any one else doing it. And if there is someone else doing it, then we don't do it and sign post to that. We can't put all our eggs in one basket, and do all the same things we should be independent. People have different talents, and different skills, and different knowledge, and different focus on life on what they find is important.' Organisation A

There is further, division in the two isomorphic groups in the opinion of which organisations they would want to work with in the future. Whereas, the smaller organisations were eager to work with all of the organisations, several of the larger organisations were selective about who they would like to work with in the future, generally based on similar services/structures, as they felt other organisations may compromise their professionalism. Here is one larger organisation's perspective of working with grass root organisations:

'You would be more likely to work with some rather than others. It is to do with statuary/ voluntary service in the level of professionalism. If you are funded by certain groups...implies boundaries how you input safety, lots of guidelines, lots of knowledge and skills there. Which in some voluntary organisations and the more charitable ones over looked quite often as their hearts and the needs of the client drive them and can stumble into some quite dangerous scenarios. So there's that tension there, a very different culture there. I would argue that big organisations are aware of this and can be nervous sometimes in working with them on certain things.' Organisation H

Throughout this section only three of Scott's coping strategies have been identified, as none of the organisations adopted the other two coping strategies, defiance and manipulation. One of the main criteria for these coping strategies is that an organisation publicly disagrees with the government in response to the budget cuts, which all the organisations denied doing. Although, the organisations agree to working more in coalition, there has been no active collective response to try and publicly/politically change this current situation, therefore having no external effects. This is an interesting factor, as a common theme across the isomorphic groups is the lack of political voice the ASR organisations have, and thus the lack of influence they have on the state, therefore such strategies could be beneficial for them use to assert change. One explanation for the lack of active coping strategies being used, are the limited resources and capacity these organisations are facing at the present time, as the majority are focused on just trying to survive. Below are several accounts of the organisation's perspective on publicly disagreeing with the budget cuts;

'I think like a lot of people in the country that there is a general feeling, that we know that even when times were good, ASR are the least politically popular. And now there are cuts left right and centre, we know we are at the bottom of the list and feeling fairly resigned. We could write a letter but who is going to care, that's the main thing, when there are other things going to be cut. Like protection of social services, where are you going to cut, the libraries, the bin deliveries, ASR ...Give people a list and ask who they want to be knocked off, and 90% would knock off ASR first, so we could write I suppose as a forum. Who would be listening?' Organisation R

'No. Is it going to change, is it likely that this government is going to back track on the public spending cuts that they have put in place, its is completely dogma driven. It is not going to happen so actually I am much more interested in putting my energies into saying right this is what we have got and what we can do with it. And then influence from a different perspective'. Organisation M

'One of the things that have not been done massively in [location] or the area is any sort of campaigning, in terms of changing the policy. It has been done to a degree but the voices have never been heard down here...Organisations are aware of the issue, and have a good insight into the problems but basically there has never been much capacity to campaign, or to structure a campaign.' Organisation G

Using the council member as a cross-reference perspective to the organisations, he supported the notion that the organisations were currently using an acquiescence coping strategy. However, he further suggested that this approach is commonly used by the organisations, rather than the organisations strategically planning for the future with a business ideology, the organisations generally continue through methods of survival. The council member acknowledges that this is due to the third sectors particular characteristics and limited

capacity, which tend to classify third sector organisations. Below he describes an example of an organisation:

'No. They don't plan long term. They are very focused. What [name of organisation] would say to you, and there is some fairness in this, is that they are overwhelmed all the time by the demand for their service. If I went down there now they have got people falling out the door every time I go down there. They use volunteers a lot any way. And their managerial capacity is so focused on fire fighting, so their capacity to plan is quite limited. The trustees are largely a group of older people, retired, whose involvement in it is largely through their faith rather than through any professional background. And they don't have that capacity in the organisation.'

Furthermore, the council member acknowledged this strategy has been reinforced, as a result of the increased dependency of organisations using public funding. He reflected on how the organisations intentionally tried to find funding bids wherever possible, however, the organisations were reliant on using public funding as a last resort:

'I suppose one of their strategies is to say to me what are you going to do about it and I think we have built that kind of relationship over the years where they have an element of dependence on the council which has probably been a bit unhealthy really.'

As a whole, the council member did not have an alternative perspective on the predictions of future coping strategies the organisations would choose. Although, of relevance, he had strong opinions on the strategy he wanted the organisations to adopt, and reflected on how national policies were also having a major influence on organisations' strategic decision making. Neither strands of thought are directly formulated as a reaction to the budget cuts, but are general strategies to influence progression in the third sector, and thus, have been accelerated as a result of the budget cuts. In respect to the local authorities, they have stressed the importance of the organisations adopting a compromise strategy, even to the extent of organisations forming a 'hybrid' and working under one umbrella. The council member argued that by organisations working together this increased efficiency by, eliminating duplication of services, sharing resources such as premises, and for the convenience for them to have one referral point. The council member described how the local authorities tried to implement this concept of organisations becoming a 'hybrid', by developing a consortium of three organisations that shared £40,000 of public funding, per year for three years. He describes the experience of the consortium, illustrating the relationship between the organisations, and how it was used as a strategic tool to form better communication;

'To be honest why have three sets of premises, why have three sets of trustees. It costs money to do that, money that could be spent on delivering a front line service. And to be honest to a degree that remains my argument…… When we set up the consortium that was the idea, we thought if we fund that for three years and make the funding

more generous, and in return you work out a way between you. They were utterly resistant to the idea of coming together as an organisation, so what we said was I don't care how you do it, these are the outcomes we want. That was the strength in my argument, you must provide a good service to that client group, this is how I will measure it. How you do it is up to you. Now I thought they would see the wood from the trees and they would gradually come together as one organisation. But they didn't.'

On reflection of the current budget cuts, the council member was sympathetic to the organisations' survival strategy, primarily reinforced by the instinct of protecting their own organisation. However, as the quote below illustrates, he continues to stress the importance of these organisations working together, emphasising that the focus should still be on providing the best possible services for the clientele in this new economic climate:

'Having said that if someone came up to me and wanted to cut my job I am not going to sit down and say yes, and that is the situation that some of them are in, so I do understand. On a human level it is very difficult to see yourself as being made redundant. The risk of this survival is that you have got three organisations that are fighting for their own survival and then you end up with none of them. Rather than them coming together, and making one organisation taking some of that pain on the chin, and saying right, ok, we recognise that the amount the service is reducing we need to rationalise. We will control that, we will control our own destiny and we will deliver a value for money service that people can invest in, which is surely preferable than to see who falls on the waste side and whoever is left standing will be the organisation that gets it. Like I said at the end of the day, the reason why I think we maintain a good relationship is I stress what I am concerned about here, is what kind of services is the community getting, and that is one thing we can all agree on. To go into the community, I recognise that. So my question back is this delivering the best service back to that community.'

Although, his main emphasis is on organisations reconstructing under a compromise ideology, with the aim of progressing the ASR third sector organisations, he acknowledges that the national policies have previously influenced the organisations to adopt an avoidance strategy, to become more strategically business like. It will be demonstrated further on in the chapter how the national policies have already instigated a movement in the third sector to become more like a market, and reformulated into a 'shadow state'. Thus, in this context he also argues that it is detrimental for these organisations to not only focus on survival as a mechanism, but also need to become more strategic in this environment, on how to attain the limited resources and funding. When asked if he predicted whether the third sector would be able to compete with the private sector in the future, he replied;

'I wouldn't like to answer that question, as it is crystal ball stuff. What I would like to say is that the more business like that they get the better able to do that they will be. The days of doing what we have been doing, of throwing our hands up at the last minute and say quick give us some money or otherwise we will have to shut our doors. They are going to have to be more business focused. If I was in the third sector now, running the organisation I used to run, and we were pretty business focused anyway, that would be my priority. Is how can we show to the

public sector that we are value for money.'

Relationship with the state

Across the interviews there was a general consensus that the organisations should become sustainable and no longer dependent on public funding, and were accordingly developing future strategies. Nevertheless, there was a strong belief that the organisations should refrain from total independence from the council, and emphasised the necessity of a good relationship/communication. Here is one organisation's founder's opinion on whether there should still be future relationships with the council;

'Yes, for them to know what's happening in the community. The thing is, if they don't know what's happening in the community, they would think that everything is fine. Like the police might say there is no racism or violence, just because no one has been complaining about it, but if they know what's happening, and are aware of the kind of communities they have in the city at least maybe in the future they might plan resources. Source resources and try to offer people something for support, one to one or what ever.' Organisation N

On reflection of the relationship with the local authorities, the two isomorphic groups revealed overall a positive response that was also reinforced by the council member perspective. However, initially, there appeared to be mixed views on the amount of contact that the organisations had with the council. The majority acknowledging they could email them for information and most had regular contact. Here is an account from a manager on their relationship with the council:

'Yeah it's good. It's good relations yeah, 'cos you can ring them and talk to them. But they don't normally address what you would hope for, to get money to help you carry on. But the link is there which is the main thing.' Organisation E

Yet, at the time of conducting the interviews this amount of contact time appeared to have significantly decreased. This could be explained by the previous description of the detrimental effects the budget cuts have had on the capacity of the local authority, in this respect, to the amount of resources and contact time with the investigated organisations: as a result of the redundancy of the dedicated ASR liaison officer and the termination of the strategic forums that used to be held on a regular basis between the council and local ASR organisations. However, a contradictory perspective was highlighted as the council member was opposed to the idea of restarting regular meetings in the future. Primarily, this can be explained by their limited capacity, although, he illustrates an alternative perspective on the 'changing context'. He accounts how, initially, there was a high social risk of ASR becoming socially excluded in

that area due to the lack of specific services. Now, he provides a broader picture (illustrated in his quote below) that the number of ASR in the area has dramatically decreased, and their needs have subsequently changed too. By interpreting this account, it appears the ASR are no longer seen as a high risk or high on the agenda, which the council are trying to direct their limited resources to, demonstrating an example of the effects of external influences:

'The picture of AS has moved on. For a long time we had a particular issue in [location], we had a very large group of AS that were in the city who were in limbo. Who had no where to go, they couldn't go home, they couldn't go back to their country of origin, and they were being asked to live on 30% of the rate of job seekers allowance. And that created a whole range of social problems. I think things have moved on. UKBA have got their act together and the number of people in that situation has steadily decreased over the last three years. We were talking about 500 and I would say we are down to 200 now, there is only 40% still in that situation, and that was what the organisations spent a lot of their time doing. What we have now is a new asylum model, means that people get decisions a lot more rapidly, they don't stay AS as long. The agenda shifted if you like to refugee integration, rather than AS support. That's how it changed. Now that could all change tomorrow, you have got Libya and Egypt, a lot of things going on in the East. If we start getting a huge influx of refugees from there we could turn the clock back five years.'

In contradiction to the previous point, some strong relationships can be identified between the organisations and the local authorities; however, a clear division distinguishes the two isomorphic groups. Generally, the larger established organisations had better communication (more contact time) with the council than the small grass root organisations, although, this was specifically the case for the organisations involved in the consortium previously referred to. Several explanations for this are, the larger organisations had developed a personal relationship with the council, had long term funding contracts with them, or the organisations were tactically strategically networking. Below is an account taken from a larger organisation:

'Yes, we have always been independent. But we were quite early in the field, we were there right at the beginning of the game in a sense. So we built up quite a close relationship with the council, and interestingly enough quite a few people who have worked here are now in a quite significant position in the council homeless unit. Which is a good thing...'Organisation H

To conclude, the 'Compact idea' appears to have been successfully implemented at the local level, for certain larger established organisations. Demonstrated through transparency of funding and information, good personal relations and to an extent, a partnership seems to have developed. In comparison, the council member openly acknowledges his limited communication and knowledge towards small grass root organisations, again, due to the detrimental redundancy of the liaison officer and limited capacity. In reaction, he stresses there is an 'open door' policy, where all organisations are welcome to contact him personally.

The small grass root organisations contrasting experience of the 'Compact idea', (apart from the contradictory Organisation A previously discussed), emphasises their already disadvantaged situation. As a consequence, of their less profound relationship with the council, this results in limited contact time, lack of access to relevant information and funding opportunities, or generally being detached from a supportive network. Here are several examples taken from small grass root organisations when asked about their relationship with the council:

'When we started I would go to them it was more of an informative relationship really rather than getting help, as you would like to hope' Organisation E

'No. We would love to, it is nice to have that kind of communication. We try to make a change within the community. It is always good to have a kind of relationship, but we don't have that kind of direct relation…but the problem is that the local authority cannot see you……like I said the local authority should know who is there, as we are part of the community and part of the society, we are here. While we are here we can do good together. Have a better and safe community together. The local authority can't do everything by themselves. There has to be a kind of relationship and connection at least once a month to see how things are going. But maybe because we are small…Generally once they have a link or relationship then the link will still be there, as this is whom they can see. If you just see some organisations then they are going to stick with them, and they don't know what's going on with the others, and that is not the way that it should be. Because [location] is a small city, if this happened in London you can imagine. But here it is small.' Organisation F

When measuring the 'Compact idea' (whether a partnership had been formulated), several limitations arose. Firstly, measuring the 'Compact idea' at a national level was mainly restricted to larger organisations, as the grass root organisations had not previously heard of it. An obvious explanation is that managers from larger organisations had been working in the sector for relatively long periods of time and had subsequently come across it. Secondly, there was a clear contrast in perspectives from the investigated organisations towards the local authorities and the national government. Although the organisations were critical that there was a significant lack of funding being directed towards their field, they were also sympathetic that the local council had limited resources, and wanted to keep ongoing communication. One manager's perspective on the council;

'If you were on that side of the fence what would you do. Do you know what I mean, they have 25% cuts and they have to. And the government is trying to de-prioritise this community' Organisation B

The perspective in respect of the national government was not so dogmatic - stating that if there ever had been a partnership with the third sector and the national government (which most claimed was not the case), it had undoubtedly deteriorated now. In comparison to the

analysis on a local level, interpretation of the interviews supported the concept of the third sector as the 'shadow state'. Meaning, policies implemented by the national government emphasised the third sector as a 'policy instrument', rather than formulating an equal partnership. Below is an organisation employee's view on whether there had been a partnership, or transparency from the national government:

'No I have to say I don't, that goes back to what I was saying earlier about I often get frustrated as it seems that we find out about things second hand. So we have our service level agreement that tells us what we have to do and does also say that they will keep us informed. But actually it is more based on whether we have fulfilled our outcomes and kept their half of the bargain. It's difficult as they are the ones that are holding the money, so to say anything back to them could be detrimental. Very difficult, because in a way it is being asked to bite the hand that feeds you.' Organisation H

A prime example of this failed partnership with the third sector and the national government, was the lack of transparency on funding. For example, in co-ordination with the budget cuts, the government set up a scheme called the 'transition fund'. However, both the organisations and the council member acknowledged the lack of information shared, demonstrating the lack of liason between the national and local government, and again how this disadvantages certain organisations. Below is the council member's perspective on the transition fund:

'That didn't come through us. That was open to any third sector organisation to apply to. What I know about that, was that they announced it before Christmas and put the closing date on it close to the start of the New Year. So I don't think hardly anybody locally was able to do it...ironically had we known about it in good time the AS organisations locally might have benefited from it. So what you had to show was that you had a contract for services with the public sector which was reduced as a result of funding cuts, and they were exactly in that position. So had we had time we would have been able to do something about it. But it wasn't advertised to the local authorities but was advertised to the third sector, and I don't think people who saw it had enough notice really to do anything about it… It was a ridiculously short time scale to make an application, so I am not actually surprised that nobody did'

The council member's alternative perspective on the relationship of the national government and the third sector, provided additional validity to the organisations' opinion. He supported the organisations' perception that the national government have other intentions than forming a partnership, by first claming:

'Now there's an interesting question [when asked if the government was reliant on the third sector services]. To some degree, more so than we used to be. Because we could deliver them in house but we are more expensive, the third sector does tend to be cheaper, they have less pensions, less job security, all of those things make them a more cost effective model for a service delivery. The strategic direction of the council is towards more enablement, which either mean commissioning services from the private sector, or from the third sector.'

And highlighting how implemented policies from the government is developing the third sector into a market:

'Yeah that is very much the policy direction. I think it is more so now than it ever has been, it was very much the policy direction the last government was taking. They wanted the cheaper local government, and to make more use of third sector commissioning, and we were already doing it, we have been doing it ever since I have been in this job. 50% of our budget has been on commissioning. But the current government has accelerated that process, although to be honest do they really want the work to go to the third sector, or would they rather it went to the private sector, that is a good question. And I think in a lot of cases the answer is probably the latter. I will use the private sector on occasion, but speaking about why mainly I go to the third sector is that they still have some kind of client focus. Their focus is on providing services to clients and not on making money for shareholders. I think on a whole we are increasing being forced to where it is value for money is the consideration, what's the cost. If I go to a departmental meeting that is what the senior managers want to know, what's the cheapest alternative.'

As illustrated in the previous quote, the organisations recognised this concern that rather than the government valuing the expertise of the third sector, they were being increasingly pressured to compete against one another, as well as the private sector. Subsequently, the focus would be on who provides the cheapest service rather than concentrating on quality for the clientele. Below are various arguments that demonstrate different indicators that the third sector has been reconstructed into a 'shadow state', and how they think the government percieves the third sector;

'If there are services that the council can cut because there are other volunteer organisations that do things like that, and it would be cheaper to support them, they would.' Organisation A

'We have all had our salaries capped three years ago, and now they are actually going to reduce the wage, that kind of trend is not comforting. Particularly in the past there was talk about us being seen as equivalents to professionals. Now we just seem to be cheap, cheap labour really. They want to shrink us down, if you look at contracts that they offer outside for similar work they are getting down to about half of what we are being paid. The government really is hacking away at this sector. So that side of it is grim really…What's going on is that the market price for this work is being driven down, and is across the board. That's pressure on all organisations if they were going to be paying people, and pitching money for whoever it is. The starting salary is going to be driven down quite significantly. That is a clear thing you can see. Yeah you are caught in a storm and just desperately, trying to create alternative sources. We had a half post recently just to look for funding.' Organisation H

'My fear is that it will be a race to the cheapest, to the bottom. My fear is that they will only make judgements on the pounds and pence, and they won't take into account the broader picture. I think it is better to pay for less and do better, and keep what you are doing, rather than doing the cheapest way, as this will create problems later'

Organisation I

'I see it as the government, small state, wanting to reduce the size of the state and hoping the third sector organisations will bid for work that would have been done by the state, and run that work themselves on a contract. And I am in favour of that. I think there are third sector organisations that have great expertise, the problem is that in order to do that you need to inject some capital into it in order for it to get going. That is not going to happen with out the money, and the money is not there. I mean I don't know many third sector organisations that have the structure and the size and the backing to really bid for those services. What concerns me is that it will be businesses that bid for those services not the third sector organisations. And it will be in people whose interest will want to make money out of it not put first serving the needs of the clientele. I feel quite cynical about it.' Organisation D

Justifiably, the investigated organisations have ackowledged that the implemented national policies were instigated not only to outsource welfare services, and construct an alternative competitve cheap market, but also to condition the organisations to focus on issues on the current national agenda. For example, the organisation below recognised the vulnerable position they were in trying to attain public funding, due to limited sources, and the government favouring certain organisations (such as the example of Organisation A) that targetted the current political agenda:

'Quite a few years ago racism was the flavour, so there was a lot of funding around, whereas now there is a lot less funding… I think the government, unless race is at the forefront of the government's mind, suddenly we get lots of money for anti-racial initiatives in the country. Or an international event like 9/11 or 7/7 that increases the risk of racism so governments will throw money at these interventions, and sometimes really inappropriately. .... Like if there is a race riot then you will get a chunk of money, but whilst it is all quiet it is all fine and we don't have racism in this country. We just have politicians who say why don't we put these AS on an island, what island, any island, as long as it is a long way a way. No let's put you on an island!' Organisation J

Furthermore, some organisations were highly critical of this targeted funding and feared that in response organisations would start to remodel their organisations on the poltical focus, as a means of survival. Arguably this questions the autonomy of the organisations:

'I would not be surprised if organisations decide to change their image, or may decide to work with different client groups. Not because their ethos changes, but may decide to not serve specifically the ASR communities, but looking at others, like migrant workers' Organisation G

'Yeah I think people start organisations 'cos they see a need and the voluntary sector is fantastic at that, particularly in Britain we are good at developing particular niches. And in the past you could attract funding to those certain things because usually the third sector can reach the parts that no one else is able to reach. They provide unique services, and everyone else needs to tap into them. I think what's happened with the voluntary sector with ASR, the money has become withdrawn as the national agenda has changed around integration. I'm not

saying this is right, I'm saying this is what I see. That I'm not interested in you providing a service just for ASR we want a service that integrates people and that's what we will fund. So in terms of how the voluntary sector organisations have modelled themselves, this modelling is now out of kilter with the latest government agenda. And I think the clever ones will remodel themselves so they look like they are meeting the integration agendas, because I think that's how you survive' Organisation B

The above experiences, demonstrate how national government policies have been instrumental in the development of the third sector becoming a 'shadow state'. In addition, many organisations openly reflected their opinion on the newly implemented policy of the 'Big Society', criticising how it undermines the third sector service. The third sector has for a long time been providing these valuable services, but now the new policy is suggesting that rather than having a 'shadow state' based on cheap labour, these services should be done for free. This is demonstrated by the example of Organisation A, acknowledged as 'an answer to the budget cuts'. Below are two examples of a common perspective by the organisations on the idea of the big society:

'I think that it's all about people like me not being employed and receiving a wage and doing it for nothing. I think it is outrageous. I think the voluntary community sector is the glue that holds the communities together. I think we are already doing the Big Society, and have been doing it for donkey's years and to invent it, as a brand new concept is residual. And it will fail.' Organisation B

'The irony being, the whole third sector fits into the Big Society idea, but all of us are reliant to some degree on local authority grants and contracts. So if the money is cut essentially to local authorities and then the knock on effect means the money is being cut to the third sector, which then destroys the Big Society rather than improving the Big Society. But my take on it is that what the government is trying to say, is that all third sector organisations should be doing it for free. But that is not the real world. Yeah you can do one or two things free, everybody does stuff for their own community. If you are lucky enough to feel connected to your local community, or to your church, that does not meet the needs of the most vulnerable people in the city…. It is basically hijacking something that was already there, it already existed, all this about broken society is about the central government not dealing with the extremes of poverty in the UK, and then blaming society at large for not finding solutions.' Organisation L

In comparison, to the previous arguments indicating the reconstruction of the shadow state, several mechanisms have been highlighted as contradictory. For example, it was argued that the conditions of public funding would jeopodise the organisations' services. However, generally the organiations were not critical of the principles of using public funding. Instead, most claimed it did not affect their services, as they were conscious of trying to match their objectives to the funding; thus not compromising their services. When this manager was asked if public funding affected their service he replied:

'No not particularly. I think we just take the money and keep on doing what we were doing anyway. I am quite capable of being able to dress what it is that we do to meet the needs. Basically I put in systems and processes that

enable me to capture information that fulfills the needs of the funder but doesn't inhibit the work that we do for the service user.' Organisation L

Again, contrary to the shadow state theory, larger organisations actually recognised the benefits of using public funding, claiming that conditional monitoring and evaluating promoted the development of the third sector becoming more efficient and professional. However, as illustrated in the quote from a large organisation, this could be argued as a disadvantage to small grass root organisations, as they may not have the capacity or expertise to comply:

'No not at all, it gives you a degree of rigour and clear criteria to work to that actually is very beneficial. Gives you access to training, what the current legislation is and it makes you accountable to those things. When the contract ends you have to reapply and compete with other organisations, you have to demonstrate how you fulfill the level of the contract, how you are up to date and how your skills fit the current needs of today. Other organisations pitching for money, with say the lottery etc do similar things but know that it is not quite so strict, as it is very general. But we are pitching to a very specific set of experts that constantly deal with organisations that do that work so you are not going to fool them. It promotes high standards, promotes professionalism...' Organisation H

Future predictions

In summary, this chapter has highlighted how the budget cuts have had detrimental effects on the council, and obviously the investigated organisations. In reaction, the organisations are formulating new funding approaches, and coping strategies with the intention of preventing a repeat of this current situation. It is evident that the organisations have partially decided on using the avoidance and compromise strategy, however, the national government has had a significant emphasis on this movement. Only time will tell whether these predicted coping strategies will be implemented and what the implications are, however, one organisation that was quick to progress, has highlighted a significant problem:

'The problem with partnerships [between organisations] is that it sounds really easy, but it is really hard to do, you have to build trust, have common visions, a great deal of respect. That is not built up over night, because a lot of the time you are going against a kind of history where people are kind of castigated by their own organisation and so busy with maintaining their own survival, and seeing other people as rivals.' Organisation B

In respect to the future relationship of the third sector and the government, although there appears to be a fairly amicable relationship between the local authorities and the investigated ASR organisations, emphasis may need to be directed on liasing with all the organisations (rather than a select few). It is evident that maintaining a positive relationship is an important paradigm for both sectors to function in the future. In contrast, the effect of the national

government using the third sector as a 'policy instrument', has apparently already had detrimental effects, thus organisations are not hopeful that a partnership will be formed between the two in the near future. The main indicator of this, is the lack of trust the organisations now have towards the government, primarily due to targeting severe budget cuts (after formulating heavy dependency), with no consultation around it being implemented at a local level. Below are several perspectives from organisations, demonstrating their concerns on future partnerships:

'It is definitely not something to think about at the moment, you don't know how things are going to develop. The other argument is that it is about how things are going financially in the country, so if things start to improve. But the way things are going at the moment where again everything is being cut from every edge you can imagine without much consultation or individual needs being taken into account, yeah the trust is gone, because you are not communicating effectively so how can you develop a partnership based on that. It would need time to see how things develop. But definitely not at the moment' Organisation G

'The partnership is there in a sense but it is a very fragile one, as there is a very limited budget and everything is always been tendered all the time. It is a market driven culture, which is very different to that partnership. You know you have not got that much security. They welcome you warmly and say have this contract, but in three years time you will be out the door. The monitoring is ok, I think that's reasonable. It's the fact that when you have done your job really well and it's proven and you're monitored, and get to the end of it and they still throw you out the door. And give the contract to someone else. That's what they did to us, we all felt really hurt and let down by that. Then you lose all faith in the system and the partnership breaks down. There is a culture of redefining yourself every time you bid for money, and that is very much the charitable world, you get a pot of money for a period of time, you never get i again for that same work even if you did it really well. You will have to pitch a different angle next time.' Organisation H

Ultimately, the main mechanism that has contributed to this reconstruction of the third sector as a 'shadow state', and can be predicted to maintain this vulnerable position in the future, is the lack of political voice the investigated organisations have. It is unlikely a partnership can be formed, or much improvement can be made in their current situation, if these organisations do not feel that their voice can be heard. This is demonstrated by an organisation's perspective:

'I don't think the government knows what it is doing…I have never come across a government so un-listening. They don't seem to be listening at all to the views of the people who are on the ground who are used to doing this work. They are so desperate to wipe away everything that was done before, and they are totally throwing the baby out of the bath water. And I have seen things go through and I can't believe that nobody is stopping this and going ahead and doing away with this and doing that… I have never felt so despondent about the future, personally as I have, since this government has come into power'. Organisation D

<u>Discussion</u>

The purpose of this chapter is to discuss in detail the main findings, specifically those that are significant in answering the research questions and proving the outlined hypotheses. The theoretical framework will also be used to illustrate the relevance of the findings, and what might fundamentally be the outcome of these findings. Lastly, a conclusion will be provided suggesting future predictions, followed by reflections on further research into this progressive area.

In the context of the investigated organisational field, ASR third sector organisations, Di Maggio and Powell's (1983) prediction, and the investigated hypothesis, of structural isomorphism has been proven. Throughout the chapter outlining the findings, two isomorphic groups were demonstrated, initially by the common themes that they shared, such as their internal structure and funding strategies, followed by distinguishing characteristics, such as the different coping strategies used, subgroup networks, and contrasting relationships with the local authorities. Although, two isomorphic groups have been identified, which may appear contradictory to the Institutionalist theory, it holds significant relevance by illustrating the changing principles of the third sector. The explanation for why both groups have not developed in the same format, and the description of the direction of movement of the third sector, will be discussed in-depth later.

The primary focus of this investigation was to demonstrate if and how the current budget cuts have affected the organisations, and their strategies to cope with the economic situation. However, from the findings it is apparent that there were several exogenous factors already in place that were instigating a movement in aspects of the organisations' structures and ideology. The findings have demonstrated that the current budget cuts are an additional (but extremely significant) institutional effect on third sector organisations being reconstructed with a business perspective. As well as the budget cuts speeding up this process of the third sector becoming like a competitive market, it is producing additional influences. For example, reflecting the current situation the organisations not only wanted to become sustainable but also independent from public funding.

Supporting Scott's (2001) argument, and subsequently answering the research questions, several institutional mechanisms in the investigated environment are recognised as being a source of affect, also demonstrating how the investigated organisations can be perceived as open systems. First, it appears the negative social rationale towards ASR social groups, from

public opinion and the government, has had an effect on their position as organisations (compared to other charities with different clientele) influencing strategic development. The council member further supports this point, by explaining the reduction in public funding targeted at ASR organisations, not only due to significant 'changing context' (described in the findings), but also influenced by political external factors. For example, he describes:

'I have to defend politically of course. People do ask 'why do AS who come from another country get funded X number of £ per head but my disabled mother who needs a stair lift can't get it'. We do get that kind of argument from the public, which I need to defend. It is difficult circumstances.'

Secondly, the ideology towards using funding strategies, such as fundraising/donations, has been previously institutionalised by social factors, such as the perception of ASR, the general public providing fewer donations due to austerity and the increasing dependency on public funding. Of most significance, is the third institutional source that has had a profound effect for an extensive period, the national government using the third sector as a 'policy instrument'.

Parallel, to these identified social systems in the environment institutionalising the third sector organisations, the majority of the organisations predicted they would develop an avoidance coping strategy in reaction to the budget cuts. Although, Scott (2001) describes how social actors are conscious of the choices (in this case the coping strategies) they make, it is understandable that this movement towards a business approach has been adopted, due to the identified embedded influences. Proving the hypotheses, the findings illustrate that for the last few decades the policies implemented by the national government have instigated the development of the third sector becoming a 'shadow state' (Wolch 1990). The conducted case study has provided a valid illustration of the government shifting responsibility for welfare services onto the third sector, through commissioning, and thus, creating a one sided partnership based on the third sector becoming dependent and monitored. This has been further emphasised by the government moving from providing grants to service level agreements, which are focused on the third sector competing for funding to provide a certain service, and being fully accountable. Although, the government is now reliant on these services that the third sector provides, they have also intentionally constructed a competitive environment for the third sector, against one another and the private sector, arguably with the purpose of lowering labour prices.

Contrary to the argument above, it is clearly evident that the investigated organisations have also emphasised this progression of third sector organisations becoming more like businesses.

Although all the organisations recognised the importance of adopting the compromise strategy in the future as a means of survival, by developing a networking system and sharing resources, numerous concerns were highlighted by the organisations. Generally, organisations were more focused on developing their structures and ideology to become independently sustainable, by adapting to the needs of a competitive market. Fundamentally, their ideology had developed, by viewing their services as products to sell, acknowledging the importance of strategic networking, dynamically searching for funding sources, and emphasising the need for flexibility to become more sustainable.

The explanation for the development of the other isomorphic group, primarily based on the compromise strategy and with emphasis on Evers' (1995) conception of organisations becoming a 'hybrid', is their limited capacity. The small grass root organisations appear to still be founded on traditional ideologies and are unable to progress (due to their capacity) like the other larger established organisations, from the influential social factors. This is due to several reasons: heavily focused on the community/specific ethnic groups; significantly reliant on volunteers: lacking professionalism i.e. due to no employees with previous skills and experience (for example, to write funding bids); and limited capacity to network strategically with the council. In summary, it can be argued that the hypotheses were successfully proven, the organisations used specific coping strategies in reaction to the budget cuts, and an isomorphic trend can be distinguished between the two groups. However, it is important to note that although it is clear institutional factors have influenced the logic behind the coping strategies, there is an underlining element based on Ever's argument. Resultant of the economic climate it is essential that the organisations are aware of promoting efficiency and effectiveness (illustrated through the compromise strategy), and in extreme examples a combination of coping strategies and the idea of the 'hybrid' have been described. Overall, it appears to be too soon to predict what the outcome will be of the organisations using these collective responses, avoidance and compromise strategies, in regard to external factors, such as the development in their relationship with the state but ultimately there appears to be no effect.

The findings, demonstrate the hypothesis that there is a movement in the ideology of the third sector, and the implications this may have in the future. From the analysis, several different levels can be identified, each representing various stakeholders' perspectives. At the macro level, the perception from the government on the reconstruction of the third sector is advantageous. By the environment of the third sector developing into a market this will influence: the organisations to compete against one another to provide the best service, thus producing competitive prices; more government intervention on monitoring the services, the

quality and limiting duplication; and most importantly reinforcing accountability on funding. On the other side of the spectrum, at the micro level, is the perspective of the clientele stakeholder, the ASR social group. It could be argued, that by the organisations adopting a business approach the services may improve by becoming more efficient with the limited resources they now have. In this case, it appears more likely that this clientele group could suffer, by the amount of services available to them becoming more limited and affecting the quality. Explanations for this have been highlighted in the findings chapter, such as: negative social rationale towards ASR and favouritism towards certain interventions that appear to benefit the government agenda, will further limit the amount of funding directed at these organisations. Furthermore, this will result in organisations having to chase funding, and remodel their services and objectives to fit these needs, consequently affecting the service they provide for the ASR community. Most importantly, and will be described in more depth further on, is that the organisations with the most expertise of providing a service for the clientele may be replaced by organisations that are fiscally orientated.

At the meso level, there appear to be contradictory viewpoints on the implications this movement may have on the third sector organisations. A major concern highlighted was that this isomorphism into a business approach would replace the traditional founding principles of the third sector. Controversially though, several of the organisations highlighted their support for this development, claiming that the third sector needed to become more dynamic and responsive to the needs of society, rather than being stuck in the same mentality 'if it works why change it'. According to some organisations, the third sector needs to become more professional as a whole, in the services they provide, networking with one another, and strategically working with the council. One manager illustrates their positive perspective on this movement;

'I don't think that's a bad thing no, I don't think that you can expect a job for life in the voluntary sector, and any other sector. You are expected to be client focused, the needs change, you have to be up and abreast with the changes. I think there will always be a need to invest with the voluntary community sector, because I think we do things that other sectors cannot do. We prove again and again that we are leaders, but I don't think people should feel comfortable necessarily, as the needs of society change. It's changing now. And it's asking how we are going to respond to it. And I think there is a bit of laying low going on, that this is the only way we can work and historically the voluntary sector have been the innovators, and we need to get back out there and start innovating again. And there are people who have been given huge amounts of money for forty years. And I could name people but I won't, and sat and not done very much. And have let the voluntary and community sector be at a standstill, because they have their needs met and not been client focused. There is a need for change.' Organisation B

The council member supported this concept, providing additional perspective on the overall situation, that third sector organisations need to be dynamic and flexible to changing client needs:

'The world changes. This is part of it, are they recognising that the situation with ASR in [location] is not the same as it was three years ago, there are now only 200 where there were 500 people in that long term difficult situation. What we are really talking about now is a fast churn of new people coming through, and the services you need to address that are different. I don't want to be critical about this, as I don't think this applies to everybody, but if I had a criticism it would be this 'has always worked so why should we change it', this is what I tend to get from them. You know if it's not broken why fix it. I don't tend to have that luxury in the public sector. I am constantly under pressure of how I could do this more efficiently, so I don't have a stand still option. Over the three years that I have been here my staffing has been reduced from a dedicated member of staff, to a third of a member of staff to nothing in 5 years.'

Nevertheless, the organisations appeared to be fully aware of the serious implications of the third sector reconstructing into a competitive market. Although, it could be beneficial by making the organisations more accountable for their services, it is feasible (especially in this time of austerity) that the focus of the government will be directed at who provides the cheapest service, from either the third or private sector. The implication of that is some organisations will be undercut by bigger and cheaper agencies therefore, some organisations will not be able to survive in this reconstructed environment. Answering the research question, the findings demonstrate that if organisations do not become less dependent on public funding, they may have to adopt the strategy of closing down, such as the example of Organisation X. Furthermore, the findings suggested that the small grass root organisations, that are beneficial to the third sector and the local community due to their expertise and knowledge, do not have the capacity to compete against large private sector agencies, and thus the quality of the services may be affected. This new established environment appears to be based on an ideology of 'survival of the fittest', only those who embrace this forced reconstruction and have the necessary capacity will survive. Below are two larger organisations' perspectives on grass root organisations surviving in this environment:

'The more vibrant and more active the organisation, the bigger voice they have. But in this kind of work, with ASR, it is about making the smaller organisations involved because they have the best insight of the communities there… They have the expertise from that point of view but as to being a charity, being structured, having a management committee, providing good quality service, they might not have that in place, and the only way they can be supported is through working with those bigger agencies. Organisation G

'You are in a market driven culture and big monopolies grow up and they squash small fish, and that is what we are facing in this sector. There are big Christian charities out there that are swallowing areas of [location]. There is one organisation in [location] that is charging around and snatching up contracts everywhere because they are under cutting everybody, and they are not doing a very good job. Everyone agrees that they are bullshitting the commissioners to do it. And it is very much bottom line price per hour workers.' Organisation H

What is of significant relevance, and could be viewed as contradictory to this business move by the third sector organisations, is the finding highlighting that all the organisations were heavily reliant, and will be in the future, on volunteers. This is unsurprising, as this distinguishes the third sector from the others, however it is important to note that this is the primary reason why some organisations are surviving at the moment. More important, than taking on a business approach, the organisations source of free labour, good will, and commitment to the community is what keeps this sector alive, demonstrating that the voluntary ethos could never fully be replaced by the business strategy. There are two strands of thought around this concept. On one hand this could be the third sector's major advantage against the private sector, and place them in a highly competitive position to undercut private sector prices. On the other hand, how long can the third sector maintain this form of survival, and as previously outlined in the findings, would this also have an effect on the quality of the services provided. Furthermore, this development in the voluntary environment may have consequential effects directly on those who participate. The attraction of volunteering might decrease if people perceive that it is based on a business environment rather than serving the community. Plus, will there be a change in the clientele who volunteer, the third sector organisations could become selective about whom they want volunteering for them, with regard to their skills and expertise.

Conclusion

Overall, it is clearly apparent that the current budget cuts and national policies emphasising the third sector as a 'policy instrument', have instigated a movement in the third sector to adapt and adopt business-like qualities. However, reflecting of the recently empowered Conservative Party this developed third sector environment may already be experiencing another movement, influenced by the national policy decision process. The current agenda of the 'Big Society' appears to be pushing this concept of using the third sector as an apparatus to the extreme, by implying third sector services should be undertaken by the community. Rather than shifting the services to the third sector as a cheaper source of labour, the government is now extending this, in that the local community should be delivering these services for free, with thus no need to pay for third sector employees. Furthermore, with the economic crisis the number of volunteers may increase due to redundancy and wanting work experience. It waits to be seen if the government is going to use the disadvantaged position of these volunteers for its own advantage, by emphasising individuals working as free labour.

Throughout the discussion chapter, numerous accounts were illustrated to demonstrate the changes happening in the third sector, and whether these would have detrimental effects on the services provided. Positive and negative components could be identified, which could be argued to outweigh one another. However, with this new policy intervention it is apparent that the government is potentially undermining the third sector, by not recognising that these organisations have been providing these services for decades, but also suggesting that they can be done for free by anybody. It is again too early to identify what effects this policy will have on the third sector, but what would be interesting to see, is whether the third sector organisations will finally develop a voice and publicly protest. Unlike the reaction to the current budget cuts, where the investigated organisations refused to protest against the government due to the perception that they would not be heard - is this the time when the organisations will collectively form a political voice against the policy process, or will we finally see the end of what we know to be 'the third sector'? Such thoughts are recognised by one organisation manager;

'That could be the good thing that comes out of it. That people have to re engage with politics. That could be the good thing. That people really recognise the difference between political parties and what those value bases are. Have to think about how they want to live, and the poor and how the most vulnerable in our society are looked after.' Organisation B

Limitations and reflections for further investigations

Whilst conducting this investigation it became apparent the findings would be limited to some degree, as due to how recent the current budget cuts are, the consequences were still in process. Thus, it would be interesting to perform a follow up study assessing whether the organisations adopted the new coping strategies, which organisations survived, and whether this produced any external effects. A further limitation was subsequently becoming aware of the 'changing context'. As a result of the decrease in ASR in the area and changing demands, this may have produced additional external effects to the organisations, effecting the overall measurements. Parallel, to this investigation, studying an area with high numbers and high demand for ASR services, and comparing the findings may have produced a broader perspective to this in-depth study.

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Appendices

Appendix 1: Questionnaire

QUESTIONNAIRE, PLYMOUTH   APRIL 2011

The name of your organisation:
With regard to the services directed at asylum seekers and refugees What are the main services your organisation provides?   What other additional services does your organisation provide?   Do you hold regular events/activities? When?   Do you provide other resources e.g. newsletters?
Service users   Are your services open to all, or are some services targeted at specific groups? Please consider ethnicity, nationality, gender, age, sexuality.

- Please estimate the approximate percentage (%) of your service users over the last 12 months are?

  a) British Citizens:

  b) Asylum seekers:

  c) Refugees:

  d) With no recourse to public funds:

IMPORTANT: The cover letter lists twenty organisations in Plymouth that provide services to asylum seekers and refugees. Do you know of any others? Please could you provide their details below, so that they can be included in the mapping service.

Do you have any further comments, please?

Thank you for answering the above questions. Please could you complete your contact details.

Address:

Email:

General telephone number:

Manager's telephone number:

Telephone numbers for specific services (ie housing, caseworkers, children's services etc):

Opening times/ Drop in times:

Please send the completed questionnaire to vita.terry@hotmail.com

Appendix 2: Operationalisation of the theoretical concepts

<u>Coping strategies;</u>

<u>Acquiescence</u>

Definition; Refers to the several ways organisational behaviour conforms to institutional pressures. This could be by habit, meaning that organisations reproduce practices due to these actions being 'taken for granted'. Or organisations conform by imitation, mimetic isomorphism, typically where organisations model themselves on a leading organisation in the field. Organisations can also conform consciously, by complying to institutional pressures with the interest of self serving benefits.

The definition operationalised; The organisations conform to the institutional pressure of the budget cuts by accepting them. Their response could be either to carry on as normal with how the organisation is run, with no attempt to change their structure or systems in response. The organisations do not produce alternative strategies to cope with the funding, but may model their structures on the leading organisation in the field.

Rationale; The main driving force is for survival. Therefore, they do not want to make a political stance, or produce alternative strategies (change the structures in a different way to the norm).

What variables to measure;

- Opinion. Do not disagree with budget cuts. Do not make any political/media statement.
- The organisation wants to maintain the structure of the organisation, or models themselves on the leading organisation.
- Do not use alternative structures.
- (If the organisation does not change, important to look at whether this is because it is not dependent on the state).
- If this strategy is used future predictions; No force for institutional change.

<u>Compromise</u>

Definition; This means that organisations are confronted with conflicting institutional pressures, therefore, they try to bargain and balance with the different external factors. This could mean balancing the different stakeholder's interests, or negotiating to try and accommodate different norms and values.

Operationalised; Organisations have a clear understanding of their resources, and what resources the other organisations, as they would like to try to find alternative solutions to the budget cuts. The organisations want to actively change the structure of their organisations, to find a solution to the problem. However, the organisations are influenced by improving efficiency and effectiveness.

Rationale; The organisations want to change the situation by working together, and overall improve efficiency.

What variables to measure;

- Want to change the structure of the organisation.
- Knowledge of their own resources and other organisations resources.
- The organisation has contact with other organisations, has a relationship with the other organisations
- Want to increase efficiency/effectiveness
- Want to compromise with funders

Predictions; The organisation will become a 'hybrid' as it will intermesh resources with other organisations. For example, share contracts. This will produce better communication and network between the organisations due to working together.

Avoidance

Definition; Organisations attempt to conceal their nonconformity, by appearing to conform but changing the structures internally to prevent being effected by institutional pressures again.

Operationalise; This means the organisations do not question the budget cuts (publically/ politically), but adapt formal structures to conform to budget cuts (meaning they use other forms of resources), however are changing internal structures to ensure they can independently operate from the state.

Rationale; The organisation looks inwards rather than outwards to benefit their organisation. For example, trying to make their organisation look good, so can compete more effectively against other organisations. This means they not want to join forces with other organisations, but want to become independent.

What variables to measure;

- Do not publically/politically disagree with budget cuts
- Want to change the structure of the organisation, and will use an alternative structure, not just modelling.
- Do not collaborate with other organisations.
- Concentrate on changing the internal structure of the organisation i.e. make services a small part of a person's job.
- Want to become independent from the state
- Do not share resources.

Predictions; Organisations become more competitive with one another. The third sector becomes more like a market, rather than helping each other out.

Defiance;

Definition; This is an active strategy by the organisations, to either dismiss the institutional norms and values, or challenge them by forming alternative structures, and in the extreme case to attack. This means they reject the institutional norms and values, want to express alternative ideologies, generally with the media's attention.

Operationalised; This means that the organisations publically disagree with the budget cuts and actively react against them. This may be done by ignoring the budget cuts, and no longer working in alliance with the state, or forming alternative strategies, and could use the mass media to demonstrate against the state.

Rationale; Try and stop the budget cuts from happening again.

What variables to measure;

- Publically disagree with budget cuts
- Try to actively stop the budget cuts from happening (protests etc), or from happening again. Use media.
- Structures; do not conform, do not want structures to stay the same but produce alternatives.
- Do not want organisations to be dependent on the state.

Prediction; Will change the situation. Organisations no longer be reliant on the state. Become more independent. Form a political voice.

Manipulation

Definition; This is another extreme active strategy that intends to directly change the institutional pressure, either by influencing, recreating or controlling.

Operationalised; The organisations form structural changes with the purpose of changing the institutional pressures.

Rationale; Independence. Change.

How to measure; None of the funding is from the government. Completely independent from the state. Develop the structure so not reliant on government. Use different stakeholders to influence change i.e. lottery funding, policy makers, general public. To influence public opinion

What variables to measure;

- Publically do not agree with budget cuts.
- Use alternative structures
- Want the organisations to do this collectively to change the government

Predictions; The government will no longer target budget cuts (or as severe at this field).

Isomorphism

Operationalised; Can it be identified that the investigated ASR third sector organisations have become similar to one another, does this predict which coping strategies the organisations will choose in reaction to the budget cuts.

What variables to measure;

- Internal structure (N= volunteers: N= employers, structure of management)
- Ideology (use a business approach, want to share resources/services)
- Funding approaches (public funding, grants, fundraising, donations)
- Coping strategies (outlined above)

- Relationship with other organisations (knowledge on what other organisations there are/other services, amount/form of contact, share resources/funding/services)
- Relationship with the state (see outline below of variables for shadow state)

Shadow state

Operationalised; Has the government decreased the size of the welfare state by commissioning the investigated ASR third sector organisations to deliver welfare services, with the primary intention to cut costs due to it being a cheap source of labour. Has this restructured the third sector organisations into a 'shadow state', and placed them in a vulnerable position within society.

What variables to use to measure the relationship with the state:

- Opinion of the organisations and the council member that the state is reliant on the ASR service delivered by the third sector
- Organisations are dependent on public funding
- Organisations increasingly have to monitor and evaluate their service delivery
- Autonomy is questioned i.e. change their services to conform to national policies
- State favours certain services/ organisations remodel themselves to appear more attractive
- Type/amount of contact time
- No political voice

Appendix 3: Format of questions for the semi-structured interview (demonstrates the topic list and measurement instruments)

Brief introduction
- Describe the 'Mapping Service' project with the Red Cross.
- Describe for my own independent research for my master thesis.
- Purpose of the interviews is to get an in depth account of third sector organisations and how they are dealing with the current budget cuts.
- The structure of the interview will first look at your organisation, the structure, funding, the effect of budget cuts, and the relationship with other organisations and the government.
- The questions asked are mostly directed at your organisation and the service you provide for ASR, and general questions are on organisations for ASR not for all of the third sector
- Intention of findings is to highlight best practice guidelines.
- Would you like access to the findings?
- The interview will be completely confidential, permission to record them

Questions

Introduction
- What is the name of your organisation? What is your role? How long have you been there?
- Have you worked in other similar organisations for ASR?
- Why was this organisation developed? How long ago?
- Who was it developed for?
- What are the main services that your organisation provides?
- How was the organisation decided? Where was the funding from? For example, was the organisation working with the government, or was it independent?

Structure
- Tell me about the structure of the organisation. How would you describe the organisation, is it part of a larger organisation, or is it a small independent charity?
- What size is the organisation in Plymouth? For example, how many volunteers are there?
- How many staff does it employ? What is the structure of your management?
- From your understanding of other organisations in the area do you think the structure of the organisation is similar to others? Is this done intentionally, have you modelled your structure on another organisation that is known for good practice? If it differs from others what are the main reasons why?

Funding

- Before the budget cuts what were the main sources of funding the organisation used?
- Did the organisation use public funding?
- How much of the funding was public funding, was this by contracts e.g.?
- By using public funding did you have to follow certain conditions? Did this have an effect on the objectives/services of the organisation?

- If you do not use public funding, why? What funding do you use instead? Would you like to use this type of funding? Do you think you have an advantage/disadvantage by not using public funding over other organisations?

- What other means of funding do you use (e.g. fundraising, donations)? How useful do you think these are?
- Do you think not using public funding makes charities less dependent on the government, and have more choice on the services/structure they have?

Budget cuts
- Are you aware of the current budget cuts towards asylum seeker and refugee organisations? If so do you think they will they have an effect on your organisation? If not, why?
- Will you have to restructure the organisations? Do you want to change the structure of your organisation?
- Will you model your organisation on other organisations, or are there any major influences you will use?
- Will it change the objectives of the organisation? Will the services change? Working hours?
- Will this affect the amount of volunteers you will use?
- Will you restructure the employees? For example, will you have fewer....will they have more responsibility? Will you have more/less management?
- Are you seeking new ways to fund the organisation?

Relationship with other organisations
- In regard to the other organisations in the area, do you think you have a good awareness of the different services they provide?
- (Show list of the local organisations) How many organisations do you have contact with? What kind of contact is it i.e. regular meetings, or one off practical contact.
- Do you rely on any services provided by other organisations? If yes, what kind of relationship do you think this creates? Do you have to adapt to the other organisation?
- In the past have you shared funding contracts with other organisations?
- Or shared services?
- Since the introduction of the budget cuts has the relationship between organisations changed, if so what was it like before and how has it changed?
- Do you think organisations should work together or do you think it does not make any difference to the service you provide? If yes, how do you think contact between organisations could be improved?

- Are their main umbrella organisations that you have contact with? Is this regular? Do you find this helpful? Is it one way or two way communication? How would you like this to be improved?

Relationship with the state
- Do you have any contact with the government (council)? Do they just tell you what to do, or is there two-way reciprocal communication? Do you meet with them regularly?
- Do you think this organisation was/ is reliant on the government?
- If you do not receive public funding do you have any contact with the government?
- What are your thoughts about the relationship of the government and ASR organisations?
- Do you think this relationship will change as a result of the budget cuts, how? Do you think organisations will become less reliant on the government?
- Do you think the government is reliant on your services?
- Have you heard of the 'Compact idea' (this was a set of policies developed by the government in the late 1990's to encourage the third sector and the government to form a partnership)
- Do you think this happened, when?
- Do you think the third sector organizations in this field restructured themselves in response to the compact idea? For example did they become more dependent on the government (funding)? When?
- Do you think organisations became more similar, modelled themselves on a particular organisation?
- Do you think organisations changed their objectives due to this partnership?
- Do you think the government favours certain services, and remodels themselves?
- Do you think this partnership will continue, or ever work again in respects to the recent budget cuts?

- Has the organisation contacted the government in response to the budget cuts?
- Has the organisation made a public stance against the budget cuts e.g protests, letters?

Predictions; To recap over what has been said

- What do you predict organisations attitude towards funding will be in the future e.g. do you think organisations will want to rely on public funding anymore?
- What do you predict the relationship between the government and the organisations to be like in the future? Do you think there will be an alliance?
- What main factors do you think organisations should remember for future reference? Best practices.

Do you have any further comment's

Can you recommend any other organisations/ people to interview

Appendix 4: Coding chart of the investigated organisations.

Asylum seeker and refugee organisations in a major city in the UK

Characteristics and coding of organisations

Investigated organisations	Part of a national umbrella charity	Independent charity	Structure of the management Flat/ Hierarchy	How many paid staff	How many volunteers	Reliant on volunteers	Founded by an asylum seeker or refugee	Targeted at ethnic minority communities	Type of funding used	Dependent on public funding
Organisation A	No	Yes	Flat	0	120	Yes	No	No	P, G,	Yes
Organisation B	No	Yes	Flat	5	120	Not sure	No	No	P, F, G	No
Organisation C	No	Yes	Flat	0	15	Yes	Yes	Yes	P, G	Yes
Organisation D	No	Yes	Flat	8	40	Yes	Yes	No	P, G, F, D	Yes
Organisation E	No	Yes	Flat	0	12	Yes	Yes	Yes	G, D	No
Organisation F	No	Yes	Flat	0	6/7	Yes	Yes	Yes	G, D	No
Organisation G	No	Yes	Hierarchy	20	10	No	No	No	P, G, F	Yes
Organisation H	No	Yes	Hierarchy	30	2/3	No	No	No	P, G	Yes
Organisation I	No	Yes	Flat	5	6	Yes	No	No	P, G, D	Yes
Organisation J	Yes	Yes	Flat	13	5	No	No	No	P, G, F, D	Yes
Organisation K	Yes	Yes	Flat	2	25	Yes	No	No	F, G, D	No
Organisation L	No	Yes	Flat	3	40	Yes	No	No	P, G,	Yes
Organisation M	No	Yes	Flat	130	300	Yes	No	No	P, G	Yes
Organisation N	No	Yes	Flat	0	5	Yes	Yes	Yes	G	No
Organisation X *	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N	Yes

Code for type of public funding; N= National government, P= Public funding, F= Fundraising, G= Grants, D= Donations

* Organisation X= The main national organisation that closed down as a consequence of the budget cuts.

Appendix five: Coding tree for MAXQDA

Section one: Third sector organisations coping strategies in reaction to budget cuts;

Acquiescence - Do not publicly disagree with budget cuts

(Survival) - Maintain their structure/or model themselves on a leading organisation

     - Do not use alternative strategies

     - Rely on free resources/ labour/ good will

     - Ideology is based on survival

Compromise - Want to actively change the structure

(Hybrid) - Use alternative strategies – share services/ modelling

     - Knowledge of their own/ other organisations resources

     - Good relationship with other organisations- know what services there are, have regular communication

     - Increase efficiency/ effectiveness

     - Would like to share resources/ services/ funding (hybrid ideology)

     - Want to become independent from the state

     - Do not publicly disagree with budget cuts

Avoidance - Do not publicly disagree with budget cuts

(Business) - Want to change the structure of the organisation

     - Will use alternative strategies/ not modeling

     - Do not collaborate with other organizations

     - Concentrate on changing the internal structures

     - Want to become independent from the state

     - Do not share resources with other organisations

- Ethos is based on a businesses approach, become competitive with one another, and protective over their own resources (measure if there is one person who does the funding, idea of selling their product, competitive)

Defiance   -   Publicly disagree with budget cuts

-     Actively protest against the budget cuts

-     Will use alternative strategies

-     Want to become independent from the state

-     Form a political voice

Manipulation   -   Want to be independent from the state

-     Publicly disagree with the budget cuts

-     Use alternative strategies

-     Organisations change collectively producing an external effect (on the government)

Section two: Changes/ persistence in reaction to the budget cuts;

Structure

-     Ratio- volunteers (number)
            - Employers (number)

-     Structure of employers/ volunteers (hierarchical/ flat)

-     Ideology (business approach/ survival/ hybrid)

-     Funding types

-     Coping strategies

Relationship of organisations

-     Knowledge of other organisations (services/ resources)

-     Connection between organisations (rely/ contract/ share information)

-     Feel their voice is heard between organisations

-     Working together- Funding
                        - Services

- Resources

- Opinion on organisations working together

- Opinion on how organisations will work together

Relationship between organisations and the state

- Opinion on whether there is a partnership (transparency/ knowledge/is the government reliant on the third sector providing welfare services)

- What type of contact with the state (regular/ one off/ formal-informal/ knowledge of meetings)

- Dependency on the state (public funding/ contracts/ conditions)

- How the state perceives the third sector (favouritism/ control/ cheap labour)

- How do the local council and government compare

End notes

ⁱ In reaction to the current situation inflicted by the budget cuts, this organisation recognised the importance of forming a network between the organisations, public sector and third sector. Thus, I undertook an internship placement with this main ASR organisation, whom I previously was volunteering with. This consisted of gathering up to date information on all the ASR services, with the intention of a constructing a 'mapping service' on a website for all the organisations to have access to. By undertaking this internship it gave me a significant advantage in forming contacts due to the managers previous knowledge/ relationships in the local area.

ⁱⁱ In that particular area a local strategic forum had been formulated by the council for all sectors of the community to have a representative in place to help develop future strategies for 2020. This respondent was the representative (the voice) for the third sector in that area.

ⁱⁱⁱ **SLA (Service Level Agreement)'-** The government has moved on from providing organisations with public funding through the form of grants. Now public funding is based on the idea of a contract being developed, through negotiating between the government and the organisation, on the particular criteria of a service provision.

^{iv} Funding cycle refers to the length of a contract. For example, if an organisation has successfully gained a contract for three years, with the aim of delivering a particular service, they will have that funding confirmed for that amount of time, and are thus not immediately vulnerable to be effected by a decrease in their funding.

^v The Time Bank is a national charity founded on the principle of individuals taking part in the service by sharing skilled work by time rather than currency. Organisation A has implemented this intervention at a local level.