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Thistles, roses, thorns: some reflections on third sector/government relations and policy expectations in economic downturn

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Introduction

In 2005, Jeremy Vincent and I published a research paper comparing perceptions of chief executives in Scottish and English voluntary and community organizations, of their relationships with government, from whom they received major funding. (Vincent and Harrow, 2005). Following the academic tendency towards indulgence in titles, but also to suggest expected significant differences between the two, we called our work "the thistle and the rose". This took its cue from Whitelaw's (1995) view of the sector as "*..a wild garden , a rampant display of plants of all shapes and sizes*". The metaphor provided us with images of growth, change and decay in the sector; of surprise as new plants emerge or hardy ones persist; of transformation of some species to domesticity; and of order gained , by luck or landscaping.

In that paper we explored a theoretically-derived model of government/third sector relationships from Norwegian academics Kuhnle. & Selle (2005) , in which sectoral/governmental relations were typologised in terms of their relative "nearness or distance" and "financial dependence or independence". Kuhnle and Selle, in a trans-national study, had had the temerity to designate one of those nations, in very broad brush terms , as "Britain" .Jeremy set out therefore, in doctoral and

subsequent research, to test for divergence rather than convergence between Scottish and English organisations' experience. Although his work was able to show areas of differentiation between these two nations, it also identified degrees of difference *among* Scottish and English organizations nationally which were greater than the distinctions between nations. It is this aspect – the extent of internal differentiation within the third sectors in both nations, and its implications for differential (than en bloc) public policies towards the third sector during recession by governments – that provides the core for discussion in this paper.

Although acknowledgement of the internal fragmentation within national third sectors is not unusual (see for example, Brandsen et al, 2005) . it does raises the question of the extent to which differentiation within the sector will be significant, as the sector as a whole faces and experiences recession and as governments make (or do not make) policy with third sector implications. Is recession the test of whether the third sector “hangs together or hangs separately?” What elements of recession are prominent in third sector experiences in Scotland; and what kinds of public policy responses and expectations are emerging? How and where is academic literature pointing to critical Scottish experiences? Will shared recession experiences for third sector organizations act as a binding agent between them or a source of division, to which public policy is then addressed? Should responsive public policy –whether ameliorative or pro-active - be directed towards the sector collectively; or targeted differentially in direct response to emerging recession-driven needs (such as re-training, job creation, mental health support), and/or in recognition of the differing and fragmented nature of the sector itself?

In beginning to think about these questions, it occurred to me that since both roses and thistles have thorns, the loose metaphor could be revisited, along with the theoretical framework upon which it drew . I want to draw then a little on this work in the light of changing socio-economic circumstances and to think about some of the thorns that are becoming evident in close relationships, as the uncertainties of economic downturn become further apparent. . In doing so I want draw attention to some of the key themes being identified for third sector organizations in recession contexts, especially where these relate to Scotland; to note the public policy developments which pertain to Scotland, such as the policy focus on social enterprise and

entrepreneurship; and to examine the kinds of policy led relationships that may be emerging in Scotland as recession deepens.

The 'new literature' on the recession

Are England and Scotland that different when it comes to third sector experiences during a recession and the policy implications that these have for government ? What is becoming known about what sector leaders and public policy makers consider and plan to do about recession, especially where it impacts on third sector organisations? In response to evident crises of organizational resources and organizational confidence, much of the initial literature has drawn on specialist responses, or professionally-led analyses and forecasts, in effect ,elite interviewing (Aberbach and Rockman, 2002, Kezar, 2003.) At a global level ,the "Voices from the South" report provides "twenty one thinkers, academics and policymakers from fourteen developing countries (presenting) snapshot views of how the financial crisis is affecting their countries" ; with important implication for international and development NGOs. (IDS, 2008). A similar senior professionally-led focus for sources of opinion and data can be detected in the November 2008 survey report on charities "Managing in a Downturn"(Price Waterhouse Coopers, Institute of Fundraising and Charity Finance Directors' Group, 2008). This focused predominantly on the perceptions of charities' finance directors and fundraising directors.

The kinds of discussion in the third sector "pracademic" literature – which has already moved quickly from conversations about "recession proofing" through "recession coping" to a series of scenarios and expectations is tending to take the UK- wide approach, with examples in table 1, below:

Table 1

<p>Harrow and Pharoah, 2008</p> <ul style="list-style-type: none"> - Collaborations at risk with competition for shrinking funds - Volunteering critical but itself declining with lifestyle pressures - Risks and advantages of charities declaring funding shortfalls -Charities' management under increasing scrutiny, e.g. communications with staff, volunteers, users -Rationales for giving begin to change - Strength of social networks as giving lever - Likelihood of some donor default on funding promises 	<p>NCVO Research, Wilding et al, 2009</p> <ul style="list-style-type: none"> -Sector poorly capitalized ;few reserves for small and mediums -'strong get stronger; and weak get weaker'; but subsectors may fare differently and impact on services uneven -labour market complexities.e.g. skills gap shortages eased but new pressure on volunteering -donors focus on existing causes, modes of giving change -high net worth donors-. both reduction and resilience -CSR policies may mitigate negative impact on firms'giving
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Paradoxically for the third sector, the equivalent “voices” or perceptions of organisations’ users, would-be users and beneficiaries are so far absent.

What kinds of experiences are facing the third sector in Scotland ?

Notwithstanding the Scots/English intra-national of “blame gaming” , that is, arguments as to “whose recession is it “ there are growing indications that Scotland may fare worse than England, or the rest of the UK. The report from the Fraser of Allandar Institute (2008,9) at the University of Strathclyde in November 2008, noted that though “..the evidence has shown that previous recessions have tended to be weaker here..on this occasion we are less sure”, positing greater impact for Scotland in the financial and banking fields and identifying three scenarios which included that of both faster downturn into and slower recovery from recession. The Times of London reported this as “Recession will hit Scotland the hardest”. (Jones, 2008). For the third sector, the growth of a new kind of philanthropic experience- that of “conditional philanthropy”, where major individual or corporate giving is suddenly limited by severe market falls – was presaged, with the announcement of pressures on the Hunter Foundation, with its income tied to the profitability of West Coast Capital. (Scott, 2009).

That this is a deeper political disappointment because of the change of governments in Scotland is explored by academic commentators as well as the media ; for example Turok (2008, 255), considering the SNP government and poverty, notes that here there had been “tentative signs of poverty moving up the agenda in Britain”. Earlier commentary by Mooney and Poole (2004, 458) on the extent to which a distinctive social welfare policy was emerging in Scotland post –devolution had recognized that “the scope for policy departure is limited” but expectations of both change and a distinctly Scottish public policy response to social need (and thereby directly to the third sector) still appear widespread. In some areas a more focused , less confused and more consistent approach in Scotland than in England has been identified, for example in policy and practice commitment to partnerships in health and social care(Evans and Forbes 2009,67) .

On the other hand, familiar reported experiences of organizations and people lacking real power in relation to government policy making and service improvement in England (for example Drake,

2002), are also reported in Scotland. Thus Spratt et al (2008) encapsulate this situation, exploring the role of voluntary sector organizations working in schools to support the mental well-being of children and young people in Scotland. They conclude that “that whilst voluntary sector organizations can and do deliver support to children and young people in innovative ways on the margins of school life, the power differential within the school structure makes their position too vulnerable to bring about quick or substantial change”.

In this somewhat differentiated setting then, how are third sector organizations in Scotland reporting and responding to recession experiences? As in England, a seemingly spiraling series of events, to document, reflection on and seek learning from the recession are taking place; and commentary is being given. Continued reliance on anecdote – some organizations shedding staff, others recruiting, some facing major cuts, others gaining new resources- is being challenged by the sector’s own need to track developments and changes as well as to gather opinion, perceptions and intuitive insights. Notably, The Institute of Fundraising Scotland has announced the launch of a “charity income tracker service” for its members, inviting members to feed in incomes in confidence and thereby assess their comparative performance , “..a robust benchmarking tool to see how members’ charities are performing across the various fundraising techniques (IoF Scotland, 2008). Inevitably and appropriately, full analysis of such data received (itself dependent on members’ willingness to contribute) will be available only to participating members.

Paradoxically, then, the drive to gather and analyse fundraising data in this recession will itself be accompanied by a need to shield “outsiders” from that data, at least initially. This highlights both the methodological challenges for researchers, academics or practitioners, in sensitively, appropriately and rigorously undertaking research in, with and for the third sector as it lives recession. Moreover, it stresses the underlying notion of ever strengthening competition among third sector organizations; which will increasingly come to the fore not only in funding contests and ,contracting bids; but also in relation to donation-seeking from the public.

One recently publicized example of inter-charity disharmony (in this case between Scotland and England) may point to more than simply a strong media line. The *Guardian's* report on 3 February (Carrell, 2009) , described the Scottish Society for the Protection of Animals’ criticisms of its

"English cousin, the RSPCA" for fundraising in Scotland in terms of funding "poaching". The SSPCA's (2009) own website however is far more emphatic, with its "challenge" to the RSPCA to "to stop stealing food from the mouths of Scotland's defenceless animals and tell the Scottish public the truth" . How this kind of development will continue to play in the press, and notably in recession contexts, remains to be seen; though a cross-border tension story seems the most likely. (See Higgins, 2004, for discussion of the role of nationhood in Scottish newspapers.) Far less emphatic but no less telling in relation to intra-organisational competition may be wider discussion in Scotland about its political future , Here competing views of community benefit and economic development are emerging; making it inevitable that third sector organizations with varying perspectives and constituencies will see themselves as winners and losers. A possibly ironic questioner at the National Conversation event in Skye, in August 2008, for example, asked if "the Scottish Government would encourage communities that benefit financially from windfarm installations to contribute a fair percentage of that windfall to the Scottish Wildlife Trust as compensation for the loss of habitat". (Scottish Government 2008). Unsurprisingly, the questioner had "raised a very interesting point which (would be taken) to the ongoing debate on community benefit projects". Nevertheless, the opportunity for intra-sectoral tension is evident; made more complex by the context of Scotland's constitutional future.

Taking the sector 'as a whole' is of course the SCVO's purpose, and its approach, as a membership organization, must be sector-wide. Its "Weathering the economic downturn summit" briefing of November 2008, recorded what it is asking "government" to do (both the UK and the Scottish governments in different contexts). Firstly, to guarantee bank accounts ,warranted because of the "supportive (and mitigating) role the sector will be best placed to play during the economic downturn". Secondly, to use "newfound influence" on the boards of RBS,HBOS and Lloyds TSB regarding these banks' sponsorships and foundation frameworks.Thirdly to commit to resolving contractual barriers to sector funding; and lastly, to boost the use of Giftaid. This combination of policy –seeking and practical action is then aimed firmly at the third sector in Scotland overall ;as are the Scottish government's policy responses and initiatives.

The Scottish Government response – a sectoral-wide approach?

The emphasis on the value and vitality of the third sector is an important constant in the Scottish Government's policy expressions and developments. Following its 'Enterprising Third Sector Action Plan, 2008-2011, launched in June 2008, Parliamentary Written Questions on 30 October 2008 revealed that "the current Third Sector funding package provides £93.6m for the sector over three years. The package provides: investment funding for the sector through the Scottish Investment Fund (£30 million) and the Enterprise Fund (£12 million); activities to support enterprising behaviour and address barriers facing the sector as outlined in the Enterprising Third Sector Action plan (a number of these through competitive tendering and contracting), and direct support to third sector infrastructure bodies and specialist intermediaries providing services to third sector bodies." (Swinney , 2008).

Impressive as this is, and welcomed widely within the sector, the policy assumption here must be that social enterprise models and solutions are relevant for development and resource purposes right across the sector; yet many third sector organisations , especially those service -providing organisations working with marginalised groups or without defined products to "sell" may find this a problematic and ultimately uncertain route to resources. Such organisations might well include those types of third sector organisations offering a very evidently front-line role in a period of recession, such as debt counselling. Brennan and Gallagher's (2007, 623) work on consumer over-indebtedness and review of the quality of money advice services in Scotland found that "rising levels of overindebtedness justify the case for developing money advice services but that there are many quality issues that require to be managed". It is not easy then to conceive of such services as necessarily "enterprise" oriented; whilst recognising the vital importance (and more often location in the third sector rather than in the public sector) of such provision.

The expectation that third sector organisations will generally be challenged to be entrepreneurial , in taking forward this kind of resource opportunity seems to be widespread in this core sector funding policy . This is despite Shaw's scrutiny (2004) of the extent to which social enterprises may be said to be fully entrepreneurial, given factors such as "local embeddness of their activities ..and challenges posed by social exclusion".; and the importance of ensuring a more nuanced understanding of entrepreneurship, in its social and for-profit contexts. (Shaw and Carter, 2007). Ironically, despite its policy cloak appearing to fall over the third sector in its entirety, some

commentators and politicians have taken nevertheless chosen to regard it as favouring one part of the sector over another; suggesting a competitiveness that the policy itself seems to belie. Thus the Scottish Social Enterprise Coalition's website and press story, announcing the establishment of the Fund in December 2008 reported that " Green MSPs have worked closely in developing the fund. Patrick Harvie MSP said: "The *mid-sized organisations* which the Third Sector Enterprise Fund will support *are precisely those groups which are working hardest* to weave the values of social enterprise into the fabric of Scottish society." (Author's italics). Again, despite the all-sector offer of this resource, there also seems to be an underlying theme that social enterprise has a special offer for the intractability of the socio-economic problems facing rural and remote communities. However, as Farmer et al (2008), examine, in their consideration of "starting social enterprises in remote and rural Scotland: best or worst of circumstances?", whilst "characteristics of rural locations might present a suitable nurturing ground for social enterprise; the nature of rurality also raises concerns."

Differences within the third sector; implications for differing relations with – and expectations of government

In parallel with this all-sectoral model then, intra-sectoral differences in the Scottish context which already exist may be encouraged or exacerbated by the onset of recession, and the dual pressures of falling resources matched against rising services demand. Critical differences in relation to sectoral coverage and development from geographical perspectives in Scotland are a key research field of Fyffe et al (2006) and Milligan and Fyffe (2004). In the latter paper, with particular reference to Glasgow, they demonstrate the "uneven development of the voluntary sector across space and how voluntary organisations become embedded in particular places" and argue that "geographical approaches to voluntarism are important for social policy as such approaches argue that *where* events occur matter to both their form and outcome." The policy implications are very evident in areas such as social capital development, and the simple *availability* of third sector organisations to bid for public service contracts in some localities.

Downward pressures on pay levels may be expected as another feature of the impact of recession on the sector generally (see for example Scotland in UNISON's petition regarding voluntary sector pay in October 2008). However, the SCVO's Information Pages on 'The Workforce contribution of the voluntary sector also emphasise the unevenness of employment spread, the lack of detailed research on

employment locations for the sector, but also earlier Scottish Executive estimates that, for example, in some rural areas, voluntary sector employment was likely to be higher as a percentage of employment in all sectors. Thus, Cunningham's work (2008), "a race to the bottom? – exploring variations in employment conditions in the voluntary sector" seems likely to have increasing application in the Scottish third sector. (See also the work of Nickson et al, 2008 regarding "a job to believe in" and human resource management implications for the Scottish third sector).

Against this background of predominantly sector-wide policy support by the Scottish government, yet down differentiation within the sector itself, how might this fit with or challenge the theoretical model of governmental/third sector relations developed by Kuhnle and Selle, through which Vincent's Scots/English comparison was made made? The fourfold typology, derived from a study of qualitative (mainly case study and historical) research in government and service-providing voluntary organisation relationships across nine European countries; and is set out below.

Fig 1 :Relations between government and voluntary organisations

	Nearness*	Distance*
Dependence**	1. Integrated Dependence	2. Separate Dependence
Independence**	3. Integrated Autonomy	4. Separate Autonomy

* in terms of 'communication and contact'

** in terms of 'finance and control'

Kuhnle & Selle (eds) (1992, 92)

These four characterisations could be summarised in turn, as in figure 2

Figure 2 : descriptive models of relationships between central government and voluntary organisations, using Kuhnle and Selle's typological terms (Vincent and Harrow, op. cit.)

<i>Integrated dependence</i>	Organisation is largely dependent on central government financing; and maintains close links with government officials
<i>Separate dependence</i>	Organisation is largely dependent on central government financing; and does not have close links with government officials
<i>Integrated autonomy</i>	Organisation is not dependent on central government financing; and maintains close

	links with government officials
<i>Separate autonomy</i>	Organisation is not dependent on central government financing; and does not maintain close links with government officials

In their original analysis of sectoral relations, the conglomerate “Britain” was identified in a position of “separate dependence”; financially constrained and much supported by government but with little communications links and channels with government in place. Even if the ‘British’ aspect is accepted, the contrast between 1992 and 2009 is so immense as to barely contrastable at all; drawing on the ‘wild garden’ metaphor , it is as if an untamed wilderness has been entirely de-constructed and then re-constructed by a latter- day “Capability Brown”.

So does this typological framework help us in thinking through the policy implications of recession for the Scottish third sector? I am suggesting that it does, if we look not for a predominant relational type , but use to reflect that all four of these inter-relationships currently co-existing in the Scots third sector context.

Thus we will be able to cite examples from each quadrant , where recession variously transform but also exacerbate the situation. A clear example from the ‘separate dependence’ quadrant might be those organisations working with and for people with dementia in rural areas. As Innes et al (2006) note” the provision of health and social care services to people with dementia and their carers living in remote and rural areas has been neglected globally”, their study of the views of Scottish service providers (voluntary , statutory and private) in remote and rural areas evidences the policy challenges that need to be addressed if ‘separateness’ is not to continue, let alone equity.

The population of the “autonomy” quadrants are most evidently the trusts and foundations with their own endowments, which may or may communicate closely with government. The informal Scottish Grant Making Trusts Group, with a core membership of around thirty organisations, draws in the leading foundations whose links with government are likely to be close and continuing, through shared initiatives to the formal representation of their roles, plans and values through evidence to parliamentary committees, and government bodies. (An intriguing example of the latter was the evidence from the Lloyds TSB Foundation for Scotland to the Communities Committee in 2005. Here the Foundation pointed to a “greater prize for Scotland “, which would be

the encouragement of UK wide trusts to contribute more of their funds to Scotland, noting that " a 1% interest in UK trusts (usually based in England) grant making into Scotland would represent £60m per annum to Scottish charities and voluntary organisations" .(Communities Committee Report, 2005).

However, since as SCVO (2009) has noted that this element of the third sector is under – researched, having identified some 4,000 such trusts in Scotland overall, it may be assumed that the majority (presumably small) of trusts are firmly in – and indeed wish to remain in that category of 'separate autonomy'. Whilst Cathy Pharoah and I have noted elsewhere that "feeling sorry for foundations" is not usually a feature of third sector intra-sectoral relations (Harrow and Pharoah, 2008, op. cit) , falling investment returns, combined with awareness of the extra needs which many organisations will look to them to support in recession will be making for hard (and not necessarily predictable) decisions in these organisations. Many of these pressures will be shared with their English and UK-wide counterparts (for example, to reduce their grantmaking in coverage and size, to 'spend out', to refocus their work on marked recession-type provision, to reflect on and direct their strategies towards the post-recession period). For some foundations, the willingness to adopt "stretch goals" – setting new and more demanding goals in the light of such enhanced need (Pharoah and Harrow, 2008,a) – will be taken up enthusiastically, but for others, the imperative will be to conserve and consolidate, and minimise their own organisational stretch for the time being. Yet with far less known in research terms about the nature and extent of trusts' work in Scotland, the special problems which they face (for example, family foundations, those with specific geographical remits) may also remain hidden; and only come to light, if at all, in a post-recession sectoral "wash-up". Here the importance of the news regarding the Hunter Foundation is important for its candid approach.

Risks and rewards in public policy for an overall cloak or a more tailormade approach to the third sector in recession; does the third sector *want* to hang together?

Public Policy makers can certainly be seen in a near-impossible situation. The cloak or blanket approach to the resources needs of the sector as a whole can be argued as integrated, comprehensive, and , critically, a logical and appropriate extension of those more optimistic policies towards the sector when times were – or seemed – better (Scottish Executive, 2005). Yet the extent and nature of differentiation within the sector and among its members, as illustrated by

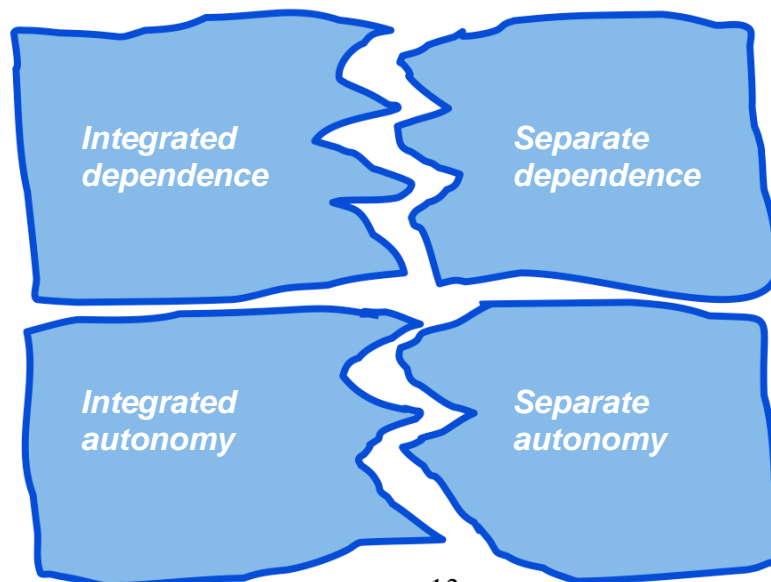
the relational typology discussed in this paper, does suggest a policy development which is to a degree tailor-made or bespoke. Prioritising *within* funding streams for example, to organisations providing services for evidently recession-type needs (e.g. debt counselling, job search, mental health support, home relocation) would be one approach; though 'what counts' as recession-oriented provision will become increasingly arguable. Moreover, such a policy approach could seem far too interventionist for a sector whose own sense of its civil society and non-governmental purposes is its defining feature ; and for whom trust and perceptions of legitimacy among citizens is critical (Burt, 2007) . Seeking to review and address the relative positions and needs of those organisations in the 'separate but dependent' categorisation would be another approach, perhaps in relation to remote and rural experiences and needs. Engaging with the private funders in that somewhat hidden group of "independent autonomous" third sector organisations would be challenging, rather than waiting for these trusts to devise their own approaches to weathering the economic storms; though again seen as interventionist; it might at least offer some realistic mapping of what kinds of private foundation support is likely to be available for sectoral support over the next few years.

The continuing case being made for third sector resourcing through innovative public services delivery makes for particular problems in recession, around squeezed contracts, intra-sectoral competition, impacts on sectoral employment remuneration; as well as its role in moulding the sector into a quasi-governmental role (what Hodgson, 2005, calls "manufactured civil society".) Chew and Osborne (2008) model the critical environmental, organisational and mediating factors that influence the positioning strategies of UK charities engaged in public services delivery; and argue that commercially-derived propositions for strategic positioning are inappropriate for charities and nonprofits (Chew and Osborne, 2008a). Yet in the Scottish policy context, whilst being encouraged to ensure that the sector's role in public services delivery is fully utilised, the Scottish government is also taking into account the growing interest of the private sector (notably smaller businesses) in the availability of public services contracts. In January 2009, the government's response to the first annual review of the Scottish Council of Economic Advisers included the information that it was "opening up more opportunities for more small and medium sized Scottish businesses " to seek those contracts; inevitably also opening up competition for the beleaguered third sector. (Scottish Government 2009).

With policy from the Scottish Government then seemingly focused on sector-wide strategies, will shared recession experiences for third sector organizations act as a binding agent for the sector as a whole in turn? In London on 12th February 2009, a multi-sponsored and cross-sector conference will held entitled *"The recession: we're all in it together. Can we develop shared strategies and practices for these tough economic times?"* (Young Foundation, 2009). This articulates both the sense of shared pain – and indeed shared danger - but also begs the question of the feasibility of shared responses. How would this title play in Edinburgh, in Glasgow, or in rural Scotland? My feeling is that it would play well; but that this in part would be a function of localised community rather than nation. (The 12th February event is of course London-centric.) This feeling also leads me to speculate that in the face of over-generalised policy initiatives and continuing reliance on known funding sources in Scotland, (public services contracts), the third sector in Scotland will become even more differentiated and separated within itself, with organisations competing for grants and contracts, chasing the same staff if not the same donors and private funders, 'going up' or 'going down' according to reserves levels. In a worst case scenario, the third sector in Scotland might come to represent a different form of the Kuhnle and Selle relational framework, one in which the gaps between the four different forms of governmental realtions become all too evident.

Figure 3, represents this in a highly speculative form, below, which is also a poor attempt to suggest four relationships as a kind of broken Saltire:

Figure 3: increased fragmentation in the Scottish third sector during recession?



This figure may be seen as diagrammatic indulgence, an alarmist scenario and it does not of course mirror exactly the diagonal cross of the Saltire. However it seems to me to make some important points. Differentiation within any national third sector is a familiar, and, for civil society roundedness, often a vital characteristic. Governmental policies which over-emphasise intra-sectoral distinctiveness may certainly be bespoke creations but may also smack of favouritism, especially in when policy is in development. Yet the very uncertainties which recession brings (with its 'good' side, such as increased workforce availability and choice) may well force these differences to become far more marked than they already are. Organisations are unlikely to 'choose' to be in any quadrant, they will most likely already be there. Pressures from government (for example over levels of foundation spending, a continuing interest of any government with charity regulation powers) may exacerbate these divisions ; but organizations may find that they are able to move from one quadrant to another but at a price, most evidently in the 'dependence' quadrants. The possibility of the formation of cartels becomes more prominent (in the two independence quadrants) ; at worst supplanting partnerships.

So questions for the sector in its response to and expectations of government policy in recession remain; as they do for the Scottish government , in its policy balancing act after its espoused and actual closeness to that sector. They are all, using the garden metaphor, "thorny" questions . For the sector, these include:

- Should a sector-wide stance on policy towards the sector continue to be maintained; or should a more differentiated policy stance to sought, to avoid the effects of a policy "scatter gun"?
-
- What kinds of "recession information" should be gathered from third sector organizations, by whom, shared with whom ,in what forms and for what purposes?

- How ,by what means and to what extent (if at all) should users' and beneficiaries' accounts, experiences and expectations of recession as it affects third sector organizations be highlighted by the sector and contribute towards public policy-making?
- What issues of public confidence pertain to the third sector in times of recession and how should these be best met and by whom (e.g. self –regulation or external governmental regulation)
- What kinds of “sharing and caring” within and among sectoral organizations (the sector’s own “self help” or home grown bale-out) is feasible and likely; and by which kinds of organizations? How might any such “self help” be best supported by public policy?

For government, the questions reflect the same kinds of implicit dilemmas. They include:

- Will a sector- wide policy approach , continuing to emphasise service delivery and innovation, further divide the third sector, by integrating some further into public services, whilst omitting others?
- What are the risks of over-expecting (even over-romanticising) the third sector's ability to be ever more enterprising ? What happens when the third sector is acknowledged also as the 'tired' sector?
- How will support policies for third sector organizations be differentiated from (or muddled up with) those for small businesses, especially in rural and remote areas?
- What are the factors supporting a more targeted , and preferential approach to sectoral resources support, by a willingness to identify organizational types or functions of especial value in recession ; and put these organizations 'above' others?

What kinds of regulatory stance may be expected in recession – easing to keep organizations going or firm, to sustain public trust?

Will an even more differentiated third sector, as “winners and losers” emerge, be an easier focus for public policy makers to manage and engage with; or more uncertain if more peripheral and unfunded groups exist, to challenge the whole notion of a unified third sector.

Concluding reflections

The Kuhnle and Selle typology of government/sectoral relations is of its time, and for this paper is a means rather than a theoretical end to enable me to reflect on (and worry about) some possible outcomes of recession in third sector settings in Scotland. The difficulty with worst case scenarios is not least one around public confidence and the unexpected policy consequences of accepting speculation for description and acting accordingly. In posing the questions that accompany my speculation, I am very aware of the range of contextual and structural issues relating to Scotland, its third sector, and its government that have been omitted in this paper . From a socio-political perspective , the overall size of and degree of networking among the Scottish policy community (or communities) is one such area where recession thinking, planning and responses, as well as post-recession thinking is taking place, not all of it on the public stage, as in this seminar. (See Lyall for example, in relation to policy networking in the science sector in Scotland.)

From an infrastructure perspective, I have not factored in the relations between local government and the third sector ; certainly critical and variable in times of recession, but also made more complex by both parties' focus on public participation as a means of legitimacy (see for example Orr and McAteer, 2004). Nor have I considered, except perhaps implicitly, the corporatist aspects of public policymaking in Scotland, which far precede devolution, and have emphasized shared and consensual policy making , where groups could make “binding deals on policy matters, Moore and Booth, 1989, cited in Keating,2005 ,6)

Underpinning comparisons with England have not been made extensively; and in recession, some aspects of the English-Scottish inter-relationship may return to the fore, particularly those which centre on geography and physical closeness. In 2002, for example, Pike examined what he described as “post –devolution blues” regarding economic development in the “Anglo-Scottish Borders”, when an antidote might be a new political settlement in the English regions. Six years later, it may well be that shared regional needs will re-emerge which are cross-border and remain

more complex to address by virtue of those border issues. Nor, finally, have I addressed my subject in relation to the Scottish third sector's relations with and expectations of the UK government in any detailed sense, other than considering the actions sought by SCVO, from November 2008. At the same time, I am not minded to see a mirror image of the sector's policy challenges in England and Scotland, where the latter merely takes on a higher degree of victim status. Nor am I inclined to follow the interpretations of Scots political behaviour by the English politician Richard Crossman, as interpreted in turn by Keating (2005) as illustrating

"...The Scots' preference to keep their political theatre to themselves even when performing the same play as on the English stage" (Keating, op. cit., 7).

In practice I am increasingly of the view that the sector's situation vis a vis government during the recession will be a more onerous one than that in England; paradoxically perhaps because of the earlier "wins" in terms of policy making for the sector in the early years post devolution. The audience's responses to this viewpoint, to the questions posed, and to the fragmenting – if not disintegrating – picture of the sector which I posed in a ragged attempt to draw the Saltire, are very welcome.

Jenny Harrow, February 2009

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