

Mission Drift? The third sector and the pressure to be businesslike: evidence from Job Services Australia

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Abstract

Becoming more businesslike is seen by many not-for-profit (NFP) agencies as necessary for survival, if not expansion, under the conditions required by New Public Management (NPM). Charged with delivering social services in a competitive environment, NFP agencies must often compete with each other, and with for-profit (FP) organisations, in order to obtain and retain government contracts. While some things are known about why NFP agencies emulate FPs, and the means by which they do so, little is known about whether adopting a more businesslike approach yields benefits. In this study we compare attitudes to profit maximisation against other client-oriented goals among NFP agencies delivering contracted employment services in Australia. We find that profit-maximising attitudes have increased dramatically between 1998 and 2012. Yet despite this, we find no correlation between a profit-orientated disposition and the rate at which services improve for clients. We conclude that while becoming more businesslike might be beneficial for a host of reasons, it does not appear to help agencies meet their key performance indicator: achieving positive outcomes for those they seek to serve.

Keywords

Not-for-profit; New Public Management; employment; third sector; Job Services Australia

Introduction

There are a range of reasons why not-for-profit (NFP) agencies might feel under pressure to become more businesslike. They include the raft of policy reforms associated with New Public Management (NPM), according to which the delivery of previously state-managed and -delivered services have been transferred to private agencies, including NFPs. They may also include the emergence of 'new philanthropy' donors and a desire on the part of NFPs to be more independent in their operations. That independence is predicated on wealth generation, and in the mind of many NFP boards and managers, wealth generation is associated with a businesslike mode of operation.

Despite potential dangers such as the possibility of mission drift (DiMaggio 1986; Weisbrod 1998; Zimmerman & Dart 1998), negative impacts on organisational reputation, or discouragement of private philanthropy (Zimmerman & Dart 1998; The Aspen Institute 2001), many NFPs have actively sought to become more businesslike, in the expectation that it will generate more reliable resource streams, greater efficiency and innovation, better targeting of services to client needs, increased legitimacy, the attraction of more funds from 'new philanthropy' donors, greater accountability, and a means towards NFPs' independence, flexibility and adaptability (Zimmerman & Dart 1998; The Aspen Institute 2001).

The practice of NFPs becoming businesslike has been the subject of several empirical studies. For example, Zimmerman and Dart (1998) examined the involvement of NFPs in running 100 per cent commercial activities and entities. Dart (2004), on the other hand, explored different types of businesslike behaviour within an NFP organisation. He came up with four categories: businesslike goals, being a businesslike organisation in terms of service delivery, being a businesslike organisation in terms of management, and being a businesslike organisation in a rhetorical sense (Dart 2004). In the context of Australian employment services, Considine (2003) showed a convergence in operating strategies by non-profit and for-profit agencies. Considine et al. (forthcoming) found that Australian NFPs have become more profit-oriented, more focused on key performance indicators (KPIs) and compliance, more strategic in their operations, and more willing to try new things, including enhanced organisational financial oversight, and the use of public relations, marketing and partnership building.

However, while the evidence suggests that NFPs are often induced to become more businesslike, little is known about whether a shift towards a more commercial mode of operation actually results in better outcomes. This study aims to answer that question by empirically investigating the relationship between the trend towards becoming more profit-focused and any efficiency outcomes that might occur at the same time. Obviously, this involves a correlation between the two issues, not necessarily a causal connection. But this at least would bring us far closer to an understanding of this complex question than the research literature currently allows.

The privatised Australian employment services sector has been chosen for this study. Examining this question via reference to NFP agencies contracted to deliver employment services in Australia is suitable because the Australian employment services sector was one of the first large-scale social service privatisations ever undertaken in the world. It commenced with Working Nation in 1994 and rapidly escalated under Job Network (JN) between 1996 and 2009. Australia's current model is called Job Services Australia (JSA), and it remains the only fully privatised employment services system in the world. It contracts between ninety and 100 private agencies to deliver employment services to all Australians in receipt of unemployment benefits. Around half the agencies delivering employment services in Australia are NFPs.

Furthermore, employment services are the Australian government's second-largest area of procurement, surpassed only by military purchasing. Finally, public employment services are an ideal case study because many Australian NFPs have grown in both wealth and stature as a result of their employment services contracts.

The putative benefits of NFPs becoming businesslike are various. However, investigating the outcomes associated with multiple businesslike activities is beyond the scope of this single paper. Therefore, this research will focus on the profit-oriented attitude of NFPs in relation to performance, with particular emphasis on placing jobseekers into work, a common denominator of program performance in the employment services sector (Frumkin & Andre-Clark 2000). In previous work (Considine et al. [forthcoming]), we have reported that when the Australian employment services sector was comprehensively privatised, many of the NFPs that survived the intense competition generated by this new quasi-market reported that they had embarked on a journey of 'becoming business-like', also referred to as increased

commercialisation or marketisation. Therefore, the first issue we explore in this paper is whether NFP agencies delivering employment services in Australia have in fact become more profit-oriented over time, as indicated by Considine et al. (forthcoming). NFPs report having become more businesslike, in the belief that this form of professionalisation will improve their capacity to keep pace with FP agencies in a competitive quasi-market. Nowhere has competition been greater than in the Australian privatised employment services sector, in which the pool of successful providers has contracted from over 300 to under 100 in a decade. Given this, the second thing we test in this paper is whether NFP agencies have in fact achieved higher job placements over time. Third, we analyse the data to learn whether placement rates increase in cases where NFPs demonstrate higher levels of profit orientation.

Frumkin (2002) is concerned about the decline in the number of NFPs, or NFPs vanishing all together, in the American human services sector. Frumkin argues that this is due to strong competition from FP providers. However, in the Australian employment services sector, after more than two decades of reform NFPs still command around half the market. Why have they survived when in other markets they have declined? It is reasonable to suggest that NFPs may have continued to play a major role in this market because they too have achieved comparable or even higher levels of profit orientation in their attitudes and placements, compare to FP agencies. Our fourth test is therefore whether the level of profit orientation experienced by NFPs is comparable to levels within FPs, and whether both type of agencies are placing jobseekers into work at the same rate.

Method

In 1998, 2008 and 2012 we surveyed frontline staff delivering employment services in Australia. In 1998 we surveyed frontline staff working for the government-owned employment agency, Commonwealth Employment Service (CES). By 2008 all employment services in Australia had been privatised, and in that year our sample was drawn from frontline staff working for either an NFP or an FP agency. (See Table 1 for a breakdown of survey participants by year and agency type.) Underlying the choice of frontline staff as respondents is the argument by Smith and Lipsky (1993: 98) that workers in NFP organisations, 'in diagnosing problems, prescribing courses of action, and offering direct

services, transform welfare state policy into clients' individual experiences', and thus are an insightful information source. Response rates for the 1998, 2008 and 2012 surveys were 70%, 44.4% and 45.2% respectively.

Table 1: Australian survey sample by survey period and agency type

	Government	Not-for-profit agency	For-profit agency	Other agency	Unknown agency	Total
1998	273	196	118	18	20	625
2008	n/a	1056	392	0	64	1512
2012	n/a	882	316	50	16	1264

The change in response rate was due to a difference in delivery method. The survey was paper-based in 1998, and was delivered online in 2008 and 2012. A direct approach with a paper-based survey involves a smaller number of representative frontline staff, while the online form enables far larger numbers of respondents but a lower overall response rate. Respondents were asked around 100 questions about how they performed their job, interacted with jobseekers and prioritised their time, and the motivations that lay behind the time management decisions they made. For the purposes of this paper, we focus on a limited set of questions. To test for attitudes towards profit, we analysed responses to the following statements:

More and more the objective in this job is to maximize the organisation's financial outcomes.

I am aware that my organisation pays attention to the income I generate by placing jobseekers.

I do tend to take note of those actions with jobseekers that will generate a payable outcome for the office.

I think the objective in this job is to shift the maximum number of jobseekers off benefits.

To test for job placement outcomes, we used the following items:

What number of people were placed into regular work in the last month?

What number of people were placed into regular work in the last month as percentage of last month's caseload?

What number of people were placed into work in the last year?

What number of people were placed into work in the last year as percentage of last year's caseload?

The data were analysed using a battery of standard ANOVA tests. For the sake of analytical consistency, all data were assumed to be non-parametric. The Chi-Squared Test was used to test for statistical significance between survey years, and between different types of agencies for all categorical variables. The Mann-Whitney U or the Kruskal-Wallis Test was used for all questions where the response was numeric. Spearman Rank Order Correlation (ρ) was used to explore relationships between profit maximisation orientation and efficiency indicators. Statistical significance was tested for at the 0.05 level, although precise p-values are provided where appropriate.

The Rise of Businesslike Behaviour in the Third Sector

The phenomenon of NFPs adopting business practices – for example, the use of total quality management (TQM), benchmarking, re-engineering, and other techniques intended to improve operations (Dees 1998) – is not new (Zimmerman & Dart 1998). In fact, NFPs have been involved in commercial activities for decades (Zimmerman & Dart 1998). Underlying the commercialisation phenomenon are multiple environmental constraints and influences. First, as identified by Eikenberry and Drapal Kluver (2004), major public policy changes over the past few decades have played a significant role in this trend. NFPs must compete for government grants, which usually carry stringent documentation requirements that are necessary in order to collect outcome payments (Frumkin & Andre-Clark 2000). NFPs must therefore commit to specified outcomes at the point of tendering (Frumkin & Andre-Clark 2000). This results in an increased emphasis on performance-based competition (Eikenberry & Drapal Kluver 2004). Also, under increasing pressure from rising costs, more intense

competition for grants, and more intense competition from FP service providers, NFPs have been shown to ‘leverage or replace their traditional sources of funds’ by turning to the FP world (Dees 1998: 55–56).

Second, more recently, ‘new philanthropy’ donors have emerged. Newly wealthy donors are found among groups such as new economy entrepreneurs, executives of large companies and financial advisors (The Philanthropic Initiative 2000). Unlike ‘old philanthropy’, these donors like to apply the principles and practices of venture capital for the purpose of achieving social change, and consequently are seen by some commentators to exert ‘increased pressure on NFP organizations to be more market-like’ (Eikenberry & Drapal Kluver 2004: 133).

Third, people working in the NFP sector are often encouraged to become ‘social entrepreneurs’ (Emerson & Twersky 1996), or to implement practices typically associated with the FP sector (Kearns 2000). In fact, many NFP executives have ‘embraced social entrepreneurship as a model of management’ (Eikenberry & Drapal Kluver 2004: 133).

When an NFP adopts the methods and values of the market it is said to have been marketised (Eikenberry & Drapal Kluver 2004) or to have begun adopting businesslike or commercial-like practices (Dart 2004). It is worth noting that different definitions of businesslike activity have been found in the NFP literature. One set of definitions emphasises the objectives of a businesslike activity – for example, earning money. As defined by Skloot (1987: 381), a commercial or businesslike activity is a ‘sustained activity, related, but not customary to the [NFP] organization, designed to earn money’. This definition concurs with that used by Weisbrod (1998), which stresses the revenue-generation focus of a particular activity.

A second way the businesslike principle is defined in the NFP literature is with reference to both money-making as a businesslike goal in and of itself, and the means by which that objective is pursued. According to Dees (1998) and others (for example, see Brinckerhoff [2000] and Emerson and Twersky [1996]), in addition to a greater emphasis on making money than has been traditionally associated with NFPs, a businesslike activity also requires a ‘different collection of tools to achieve those goals’ (Dart 2004: 293). Examples include strategic planning and the use of market analysis (Dart 2004). A businesslike activity also implies more changes in an NFP organisation, such as a shift in the nature of the

organisation's relationship with its donors, funders, volunteers and clients (Zimmerman & Dart 1998). Furthermore, greater emphasis is placed on market discipline, market-focused social innovations, efficiency and reducing costs (Dart 2004). In line with this definition, Dart (2004: 294) described businesslike activities as being 'characterized by some blend of profit motivation, the use of managerial and organization design tools developed in for-profit business settings, and broadly framed business thinking to structure and organize activity'.

Being businesslike is expected to generate certain benefits for NFPs. According to The Aspen Institute (2001), by adopting more businesslike practices NFPs should be able to harness more reliable resource streams, have greater efficiency and innovation, better target services to client needs, enjoy increased legitimacy, attract more funds from 'new philanthropy' donors and possibly generate greater accountability. As argued by Zimmerman and Dart (1998), replacing traditional funding sources with commercial revenue might be a means towards NFPs' independence, flexibility and adaptability. A charity with a commercial venture might also expect to achieve improved productivity and customer focus, positive change in organisational structure and synergies between their commercial and non-commercial activities (Zimmerman & Dart 1998).

However, the drive to become more businesslike may also pose risks to NFPs. For example, becoming more businesslike might be achieved at the expenses of NFPs' effectiveness (Oster 1995). It may also result in, or speed up, the occurrence of mission drift (DiMaggio 1986; Weisbrod 1998; Zimmerman & Dart 1998). Placing emphasis on becoming more businesslike could also erode or undercut the NFP sector's role in creating and maintaining a strong civil society. If NFPs are focused on emulating the practices of the FP sector, their position as value guardians, as service providers and advocates, and as builders of social capital may be undermined (Dees 1998; The Aspen Institute, 2001; Eikenberry & Drapal Kluver 2004). Other risks include the possibility of a negative impact on organisational reputation; pricing certain populations out of the market for key services; the loss of public support for NFP tax exemptions; the discouragement of private philanthropy; continual pressure to increase the scale of operations; loss of critical infrastructure of sustainable non-profit agencies in communities across the country; the discouragement of volunteering by supporters; a decrease in the number of paid staff attracted to work in the NFP sector; challenges to the capabilities and energies of agency staff; conflicts of interest within agencies between those engaged in income-generating activities and those engaged in non-

income-generating activities; and loss of ‘charitable endowments’ (Zimmerman & Dart 1998; The Aspen Institute 2001).

Despite assurance from NFPs that turning an NFP into a more businesslike organisation does not mean it ceases to be an NFP (Considine et al. forthcoming), concerns have been raised about the growing confusion over the extent to which NFPs differ from for-profit corporations. Observations by McNamara (2008) reveal that, in many ways, a small NFP is much more like a small FP than it is like a large NFP. Similarly, a large NFP is much more like a large FP than it is like a small NFP. The picture is further confused by FP agencies that display the kind of social concern for their clients that is generally associated with the community sector. Eardley (2002) identified this trend among FP agencies delivering employment services in Australia. The similarities between NFPs and FPs are so numerous that some authors agree that the difference between NFPs and FPs can be reduced to the differences in the way profits are distributed. Unlike FPs, NFPs are not allowed to distribute profits (Hansmann 2010). For NFPs, money-making is only a means to an end, while generating profit is the objective of FPs (McNamara 2008). FPs distribute profit, and they are generally described as profit maximisers, while NFPs are not (Schiff & Weisbrod 1991; James 1998). Put differently, unlike FPs, the fact that NFPs seek to increase profit does not mean that the motive behind their action is in fact to maximise profit per se (Katzner 2004). Rather, it is likely that they wish to maximise profit in order to use that money to facilitate their work in relation to other specified socially desirable activities.

The trend towards NFPs becoming businesslike has been the subject of some research. For example, Zimmerman and Dart (1998) studied the involvement of NFPs in running 100 per cent commercial activities and entities. Using case studies, Dart (2004) empirically identified four ways in which an NFP can be understood as being a business. First, it might have businesslike goals. That is, when ‘program areas frame their goals primarily, importantly, or solely around revenue generation, profit or financial surplus terms’ (Dart 2004: 297). Second, it might become a businesslike organisation in how it delivers services. That is, ‘service delivery models for which the organisation, structure, and feel could be described as resonant with those associated with commonly perceived ideas of businesses and business planning’ (Dart 2004: 298). Third, it might become a businesslike organisation in how it is managed – that is, when business models are applied at management level (Dart 2004). And fourth, it might adopt businesslike organisational rhetoric. This refers to the popular use of business

language and jargon in the workplace (Dart 2004). Considine et al. (forthcoming) also found evidence that under the Australian employment services reform, Australian NFPs have embarked on their 'marketization' journey. More specifically, they have become more profit-oriented, more focused on KPIs and compliance, more strategic in operation, and more willing to try new things in relation to organisational financial oversight, public relations, marketing and partnership-building. Typically, those new things are adaptations of practices commonly associated with the FP sector. Some NFPs have even implemented processes of board recruitment similar to those used in the FP sector (Considine et al. forthcoming).

However, little empirical research has focused on examining whether becoming more businesslike actually generates positive outcomes for the NFPs who tread that path. This study aims to at least partially answer that question by empirically investigating the relationship between the tendency to become more profit-focused and efficiency, in the context of NFPs engaged in the employment services sector in Australia.

The Relationship between Being Businesslike and Placing Jobseekers into Work

Our survey data show a significant shift in the extent to which frontline staff working in NFP agencies see their objective as maximising their organisations' profits. Those who either agreed or strongly agreed with the statement 'More and more the objective in this job is to maximise the organisation's financial outcome' increased from 44.7% in 1998 to 52% in 2008, then to 67.6% in 2012 (see Table 2). That increase in the profit maximisation goal is statistically significant. A similar tendency is evident in relation to the statement 'I think the objective in this job is to shift the maximum number of jobseekers off benefits'. In 1998, 54.5% of respondents either agreed or strongly agreed with that assertion. By 2008 that had increased to 88.3%, before retreating slightly to 83.8% in 2012 (see Table 2). Those results are also statistically significant. Moreover, when survey participants were asked to respond to the statement 'I tend to take note of those actions with jobseekers that will generate payable outcome for the office', we found that 36.9% agreed or strongly agreed in 1998. That rate jumped to 72.6% in 2008, before retreating slightly to 66.7% in 2012 (see Table 2). In short, 30% more client-facing staff agreed with that statement in 2012, compared to 1998. That difference is statistically significant. Frontline staff working for third sector service-providers appear to have received a very strong message between 1998 and 2012: profit-making

matters, and one of the most obvious way to generate wealth is to get jobseekers into work and/or off benefits.

The only ‘attitudes to profit’ question which did not strongly trend towards profit maximisation between 1998 and 2012 was ‘I am aware that my organisation pays attention to the income I generate by placing jobseekers’. In that case, 93% of respondents in 1998 agreed or strongly agreed that their organisation is aware of the income generated by placing jobseekers into work. Since then, the positive response rate has decreased slightly, from 83.6% to 85.9% (see Table 2). While that question is an outlier, we might not be surprised by the results for two reasons. The first is that the rate was very high at 93% in 1998. This does not leave much room to increase. Moreover, the 1998 survey was completed around the start of Australia’s contracted employment services system. For many NFP agencies, their employment services contract was likely to have been the first large-scale fee-for-service contract they had held. Under those circumstances, it is perhaps unsurprising that management should seek to make frontline staff very aware that payment is tied to placement outcomes.

Yet despite the fourth ‘attitudes to profit’ question moving in a slightly different direction, in general NFP’s profit orientation tended to increase sharply between 1998 and 2008, and then retreated slightly between 2008 and 2012. However, overall, between 1998 and 2012, the general trend toward profit maximisation was upwards. The survey data therefore confirms that NFP agencies delivering contracted employment services in Australia have become more profit-orientated over time. Moving to the question of whether NFPs are becoming more successful at placing jobseekers into work, we find an unexpected trend.

Table 2: Profit maximisation orientation of NFP agencies

	Strongly agree	Agree	Neither	Disagree	Strongly disagree
More and more the objective in this job is to maximise the organisation’s financial outcome					
1998	19 (10.1%)	65 (34.6%)	38 (20.2%)	54 (28.7%)	12 (6.4%)
2008	92 (14.7%)	233 (37.3%)	144 (23.1%)	128 (20.5%)	27 (4.3%)
2012	140 (23.4%)	265 (44.2%)	116 (19.4%)	66 (11.0%)	12 (2.0%)
Chi-squared = 67.429; p<0.0001					
I think the objective in this job is to shift the maximum number of jobseekers off benefits					

1998	24 (12.8%)	78 (41.7%)	33 (17.6%)	46 (24.6%)	6 (3.2%)
2008	197 (31.6%)	353 (56.7%)	45 (7.2%)	25 (4.0%)	3 (0.5%)
2012	188 (31.3%)	315 (52.5%)	61 (10.2%)	31 (5.2%)	5 (0.8%)
Chi-squared = 142.981; p<0.0001					
I tend to take note of those actions with jobseekers that will generate payable outcome for the office					
1998	7 (3.7%)	62 (33.2%)	31 (16.6%)	64 (34.2%)	23 (12.3%)
2008	100 (16.1%)	352 (56.5%)	104 (16.7%)	55 (8.8%)	12 (1.9%)
2012	78 (13.0%)	321 (53.7%)	125 (20.9%)	63 (10.5%)	11 (1.8%)
Chi-squared = 165.606; p<0.0001					
I am aware that my organisation pays attention to the income I generate by placing jobseekers					
1998	56 (29.9%)	118 (63.1%)	5 (2.7%)	6 (3.2%)	2 (1.1%)
2008	177 (28.5%)	343 (55.1%)	74 (11.9%)	23 (3.7%)	5 (0.8%)
2012	214 (35.7%)	301 (50.2%)	69 (11.5%)	14 (2.3%)	2 (0.3%)
Chi-squared = 26.059; p=0.001					

We did not ask frontline staff how many jobseekers they had placed into work in 1998. We are therefore only able to present data from 2008 and 2012. While this is a limitation on the study, the four-year data is nonetheless of interest. We find that, overall, frontline staff delivering employment services in NFP agencies became less successful at placing jobseekers into work over that period. Taken as an average of their caseload, in 2008 survey respondents reported having placed an average of thirteen jobseekers into work in the past month, and 35 in the past year. By 2012 those proportions had decreased to ten jobseekers placed into work in the past month and 31 in the preceding year. In both cases the results are statistically significant (see Table 3). In short, and contrary to expectations, NFP agencies placed fewer jobseekers into work in 2012 compared to the four years prior.

Table 3: Job placements by NFP agencies

	2008			2012		
	N	Mean	Standard deviation	N	Mean	Standard deviation
Estimated number of people placed into work in the last month						
People placed into work P=0.004	593	9.23	7.427	540	7.98	5.700
Percentage of caseload	526	13.18	14.6760	536	10.25	13.9396

P<0.0001						
Estimated number of people placed into work in the last year						
People placed into work P=0.001	414	95.52	90.228	380	79.96	72.350
Percentage of caseload P=0.004	366	35.26	23.9872	381	31.04	24.6396

On the question of whether there was a relationship between NFP employment services agencies being profit-orientated and the rate at which frontline staff place jobseekers into work, the data shows no support for the hypothesised positive relationship. More specifically, only one significant correlation was found. That was between ‘frontline staff awareness that their organisation pays attention to the income they generate by placing jobseekers into work’ and the number of jobseekers placed into work in the preceding year, as a proportion of caseload, in 2008. This is despite Spearman’s Rank Order being sensitive to large sample (>100 cases). However, the variance for the significant correlation is quite small (1.9%), and there is not much overlap between the two variables (see Table 4). Consequently, we conclude that there was no association between profit-orientation and the rate of job placements among NFP agencies delivering contracted employment services in Australia. Put differently, the match in the reduction in profit maximisation and placements between 2008 and 2012 is coincidental.

Table 4: Relationship between profit maximisation and placements among NFP agencies

	People placed into work last month	Percentage of caseload (last month)	People placed into work last year	Percentage of caseload (last year)
More and more the objective in this job is to maximise the organisation’s financial outcome 2008	-0.022 P=0.666 N=398	-0.007 P=0.898 N=359	0.095 P=0.100 N=302	0.068 P=0.272 N=264
More and more the objective in this job is to	-0.045 P=0.363 N=410	-0.036 P=0.471 N=410	-0.008 P=0.892 N=315	-0.034 P=0.553 N=316

maximise the organisation's financial outcome 2012				
I think the objective in this job is to shift the maximum number of jobseekers off benefits 2008	-0.007 P=0.124 N=397	-0.038 P=0.475 N=358	-0.015 P=0.799 N=301	-0.056 P=0.369 N=263
I think the objective in this job is to shift the maximum number of jobseekers off benefits 2012	-0.082 P=0.098 N=410	-0.039 P=0.426 N=410	-0.091 P=0.107 N=315	-0.060 P=0.291 N=316
I do tend to take note of those actions with jobseekers that will generate payable outcome for the office 2008	-0.028 P=0.576 N=397	0.001 P=0.988 N=358	-0.047 P=0.421 N=301	0.045 P=0.466 N=263
I do tend to take note of those actions with jobseekers that will generate payable outcome for the office 2012	0.018 P=0.724 N=409	-0.032 P=0.524 N=409	0.006 P=0.914 N=314	-0.022 P=0.696 N=315
I am aware that my organisation pays attention to the income I generate by placing jobseekers 2008	-0.007 P=0.883 N=264	-0.017 P=0.743 N=263	0.011 P=0.844 N=263	-0.138 P=0.026 N=263 Shared variance: 1.9%

I am aware that my organisation pays attention to the income I generate by placing jobseekers 2012	-0.007 P=0.890 N=410	-0.008 P=0.868 N=410	-0.049 P=0.383 N=315	-0.067 P=0.235 N=315
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Our hypothesis that NFP and FP agencies could be expected to have comparable levels of profit-orientation, and that both types of agencies placed jobseekers into employment at the same rate, were also only partially confirmed by the data. In 1998 NFPs were comparable to FPs in relation to profit-oriented attitudes. However, by 2008 NFPs were found to be significantly lower than FPs on one indicator of profit-orientation – organisational focus on financial outcome – and on two indicators of efficiency – absolute job placement and the number of jobseekers placed into work in the past month. The reverse was found for 2012. In 2012, NFPs were found to be higher than FPs on the same profit-maximisation indicator (that is, organisational focus on financial outcome), and again reported higher placements as a percentage of caseload in the preceding year (see Table 5). In other words, both NFPs’ and FPs’ profit-maximisation orientation and efficiency seemed to move in the same direction, as opposed to moving with each other, in unison. In addition, just as in the NFP sector, no strong relationships between profit maximisation and placements were identified for the FP sector. The shared variances of three statistically significant associations (see Table 5) were relatively small at 4.5%, 4.9% and 5.0%, also indicating a very weak relationship between the factors in the FP sector.

Table 5: Relationship between profit maximisation and placements among FP agencies

	People placed into work last month	Percentage of caseload (last month)	People placed into to work last year	Percentage of caseload (last year)
More and more the objective in this job is to maximise the organisation’s	0.033 P=0.680 N=159	0.035 P=0.666 N=152	-0.046 P=0.639 N=105	-0.035 P=0.736 N=94

financial outcome 2008				
More and more the objective in this job is to maximise the organisation's financial outcome 2012	0.048 P=0.595 N=126	-0.065 P=0.470 N=126	0.046 P=0.677 N=84	-0.070 P=0.527 N=85
I think the objective in this job is to shift the maximum number of clients/jobseekers off benefits 2008	0.051 P=0.520 N=159	-0.019 P=0.813 N=152	0.082 P=0.406 N=105	0.036 P=0.730 N=94
I think the objective in this job is to shift the maximum number of clients/jobseekers off benefits 2012	0.039 P=0.661 N=127	0.064 P=0.475 N=127	0.093 P=0.397 N=85	0.035 P=0.746 N=86
I do tend to take note of those actions with clients/ jobseekers that will generate payable outcome for the office 2008	0.101 P=0.205 N=159	0.018 P=0.828 N=152	0.213 P=0.029 N=105 Shared variance: 4.5%	0.025 P=0.812 N=94
I do tend to take note of those actions with clients/ jobseekers that will generate payable outcome for the office 2012	0.221 P=0.013 N=125 Shared variance: 4.9%	0.089 P=0.323 N=125	0.032 P=0.773 N=84	-0.008 P=0.943 N=85

I am aware that my organisation pays attention to the income I generate by placing clients/jobseekers 2008	0.040 P=0.620 N=159	0.113 P=0.165 N=152	0.060 P=0.541 N=105	0.113 P=0.277 N=94
I am aware that my organisation pays attention to the income I generate by placing clients/jobseekers 2012	0.005 P=0.953 N=127	-0.091 P=0.312 N=127	-0.106 P=0.334 N=85	-0.223 P=0.039 N=86 Shared variance: 5%

In short, we found little evidence to support the hypotheses that becoming more profit-orientated resulted in NFP agencies placing jobseekers into work at a greater rate than would otherwise be the case. Specifically, despite the general upward trend towards profit maximisation since 1998, the sector has seen a retreat in this indicator between 2008 and 2012. Placements into work also decreased during the same period. Importantly, no strong association between profit maximisation and placements was found in either the NFP or FP sector, implying that becoming more businesslike does not help Australian employment services agencies improve their key performance goal: finding work for the unemployed. Finally, the general impression that NFPs are less profit-orientated than FPs was not supported. This was evidenced by their comparability on both indicators throughout the surveys.

Implications and Further Research

As this study is one of the first to empirically investigate the benefits of NFPs becoming more businesslike, its findings will be useful for NFPs that are planning to adopt more businesslike practices. In addition, the study will inform policy-makers about the possible impacts of procurement practices on third sector organisations in particular and on all service-providers in general. These findings will be particularly important as policy-makers continue to privatise and reform social service-delivery systems in Australia and elsewhere.

However, the study is not exempt from limitations, and future research would be welcome. First, while this study treated placements into regular work as an indicator of performance or efficiency, efficiency on its own is not believed to be a formula for sustained success (Frumkin & Andre-Clark 2000). A full appreciation of whether profit orientation does lead to sustainable outcomes would require more comprehensive measurements to be taken into account.

Second, this study is based on the data collected from frontline staff in the Australian employment services sector. Although information from frontline staff is arguably insightful and valuable (Smith & Lipsky 1993), studies that collect and analyse information from other groups of respondents in the sector – such as jobseekers and managers – would provide a more comprehensive picture. Replications of the study in a broader context – for instance, a different industry in another country – would also help the generalisability of the findings and conclusions.

Third, this study investigated only a small component of the relationship between profit maximisation and efficiency. Studies that focus on relationships between other businesslike factors – for example, the involvement of NFPs in commercial ventures and their outcomes – are therefore called for.

Finally, in light of these exciting but unexpected findings, we suspect that other factors may also be influencing the movements of Australian NFPs' attitudes towards profit, placements and the relationship between the two. For example, as argued by Considine et al. (forthcoming), in its early stage Job Network was a 'cash cow' or a substantial income source for NFPs. NFPs were then strongly driven in the quest for profitability, and therefore achieved a level of profit maximisation orientation comparable to that seen in the FP sector. However, for a range of reasons, including government cutbacks on profitability and unindexed contracts, providers have faced leaner times under Job Services Australia, which commenced in 2012. Also, enhanced focus on accredited training, an increase in the proportion of jobseekers with multiple and profound barriers to employment under Job Services Australia, and a 'shortfall' in the number of referrals to providers (Disney et al. 2010) due to a decrease in unemployment across Australia from about 5.9% in June 2009 to 5.2% in November 2012 (DEEWR 2013) potentially explains the reduction in the number of

job placements in 2012 by both FP and NFP agencies. In other words, underlying the weak association between profit maximisation and placements might be the complexity of translating the ‘work first’ and ‘value for money’ principles of Job Network and Job Services Australia into specified outcomes – for example, placements. A further study that identifies and incorporates such contextual factors is also desirable.

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