Christian mission or an unholy alliance?: The changing role of
city-related organisations in welfare-to-work service
delivery

Wilma Gallet  
ORCID ID 0000-0002-6841-0810  

Submitted in total fulfilment of the requirements of the degree of  
Doctor of Philosophy  
February 2016  

School of Social and Political Sciences  
Faculty of Arts  
University of Melbourne  
Australia
Abstract
This thesis investigates the challenges confronting religious organisations contracted to deliver employment services as part of Australia’s privatised employment services system. Service privatisation, which commenced in Australia in 1998, was expected to generate value for money, efficiency, and innovation and in turn improve outcomes for the unemployed. What began as a radical experiment has become institutionalised and work practices in employment services agencies are standardised across the range of contracted organisations. Critics argue that service delivery agencies are becoming increasingly homogenised, meaning that distinctive differences between for-profit, not-for-profit and church-related organisations are increasingly difficult to identify.

This homogenisation is consistent with the phenomenon of isomorphism resulting from coercive, mimetic and normative influences. These influences have particular consequences for church-related organisations. Neo-secularisation theorists posit that isomorphic pressures have the potential to erode links between church-related organisations and the parent denomination and exacerbate the decline of religious authority, described as internal secularisation (Chaves, 1993a).

The study of religious organisations is often seen as peripheral in social science, yet in this thesis I present original findings from a case study comprising four church-related organisations contracted to deliver federally funded employment services. This includes an examination of the extent to which the contracting environment impacts the behaviour, mission and identity of these church-related organisations. Central to this is the way in which the relationship between the purchaser and the contracted organisations has evolved since these services were first privatised. Principal-agent theory provides key insights into the behaviour of the purchaser and the impact that the principal-agent model of contracting has on the behaviour of the key actors.

I find that with almost no exceptions, on almost every measure of religiosity, from ‘going the extra mile’ to the use of religious symbols, church-related welfare organisations are indistinguishable from their secular counterparts. I conclude that this
is due to the types of pressures inherent in quasi-markets and in particular the purchaser’s use of the principal-agent model of contracting. I conclude that the church-related organisations in this study have been captured by the new public management agenda and this has compromised their ability to deliver their unique mission and resulted in identity drift. While one church-related organisation has been able to counter the effect of mission drift to some extent by focusing on delivering specific services for their unique client group, being disadvantaged young people; there is nonetheless pressure on all organisations operating in this field to conform to the rules, norms and agenda set by the purchaser. Church-related organisations in this environment are compelled to achieve the agenda of government rather than the agenda of the church. Therein lies the potential conflict.

Finally, I surmise that this phenomenon may suit governments as the purchaser of social welfare in the short term; but it may have the long-term effect of diminishing the very values that make church-related agencies church-like. This may eventually accelerate secularisation and also undermine the amount of charitable good being exercised in society.
Declaration

I declare that:

• this thesis comprises only my original work towards the degree of Doctor of Philosophy;
• due acknowledgement has been made in the text to all other material used and a full list of references is given;
• this thesis is fewer than the maximum word limit of 100,000 in length as approved by the Research Higher Degrees Committee.

Wilma Gallet
Preface

My personal interest in this specific topic stems from an engagement with the employment services for over 25 years. This has given me an extensive network of contacts in the field and practical expertise in the detailed processes and practices, which underpin the system. Moreover, I have gained first hand insights into the way in which welfare policy and the contracting environment has evolved in Australia and internationally over the past three decades.

My work in this field began in 1977, in the Commonwealth Employment Services (CES). At that time unemployment in Australia was just beginning to increase from its relatively stable post-war level of under two per cent. Rising unemployment during the late 1970s resulted in a change of focus for the CES. This involved moving from its primarily role as a labour exchange to one which focused on the administration of various labour market programs designed to re-skill those who had been displaced in the labour market.

Over the ensuing 10-15 years, unemployment persisted in Australia and increased following each economic downturn, resulting in long-term unemployment becoming entrenched. In 1994, the Keating Government launched a white paper on employment, titled Working Nation. The Working Nation strategy introduced a Job Compact and a range of new labour market programs in an effort to address skill shortages and enhance the employability of the long-term unemployed. I was actively involved in the implementation of many of these programs including the establishment of Employment Assistance Australia in 1994, this being a specialist agency created within the CES to deliver case management support to the very long-term unemployed.

In 1995, I was seconded to The Salvation Army, one of Australia’s largest church-related welfare organisations, to assist in the development of job creation projects under the New Work Opportunities (NWO) labour market program. NWO projects
were seen as an integral part of the Keating Government’s Job Compact and were designed to secure work experience for those unable to compete in the open labour market.

Following the change of government in March 1996, I left the public sector and became an employee of The Salvation Army, continuing to work in the area of employment services policy and program development. I subsequently wrote the tender that saw this organisation become the third largest Job Network (JN) provider organisation behind the rebranded and corporatised public agency, Employment National and the for-profit firm, Drake International. For the next five years, I was employed as the CEO of The Salvation Army Employment Plus, which, following the second tendering round in 2000, became the largest contracted employment services organisation in Australia.

My experience has given me an insider’s view of the historical events that led to the privatisation of public employment services in Australia and the evolution of contracted employment services. My understanding of welfare reform in Australia and contracted employment services has been informed through a number of different lenses. As a member of the Welfare Reform Consultative Committee from 2001 until 2003, convened by the Minister for Employment Services and the Minister for Families and Community Services, I gained close up insights into the deliberations of policy makers within the Department of Prime Minister and Cabinet, the Department of Families and Community Services, and the Department of Employment. This Committee was tasked with providing advice on the development and implementation of programs designed to increase the active participation in the workforce of different client groups such as the long-term unemployed, single parents, older workers and people with disability.

Further, my active involvement as a board member of the peak employment services bodies, the National Employment Services Association (NESA) and Jobs Australia (JA), afforded the opportunity to meet regularly with senior officials from the Department of Employment, ministers and ministerial advisors to provide advice on the implementation and ongoing development of Job Network.
My extensive experience in the employment services system coupled with my interest in church involvement in welfare service delivery has motivated me to undertake this research. After leaving The Salvation Army Employment Plus in 2003, I have continued to follow developments within the contracted employment services field in Australia as a distant but, nonetheless, interested observer.
Acknowledgments

At the end of my PhD journey I want to sincerely thank and acknowledge those who have guided and supported me throughout this period. I want to acknowledge Dr. Siobhan O’Sullivan, whose constant advice and support from the start of this project was vital in helping me to focus on the area of research that particularly drew my passion. Siobhan provided invaluable advice through the various stages of my PhD and helped guide this work to completion.

Professor John Murphy made a very useful contribution as a supervisor following Siobhan’s move to another university. John’s cogent advice convinced me to re-orient two of the chapters in the thesis and as a consequence I believe I have made the thesis argument much stronger.

I also want to express my appreciation for the assistance provided by my supervisor Dr. Scott Brenton. Scott was particularly helpful in guiding me in the final few months of my PhD and provided sound advice that enabled me to pull together some key ideas in the thesis.

I am particularly indebted to Professor Mark Considine, my principal supervisor whose continual encouragement and support has been the main driving force in my completing this thesis. Mark’s exceptional acumen and expansive knowledge in this area of work is unparalleled and I doubt that I would have embarked on this PhD without his support and inspiration. My meetings with Mark were intellectually stimulating and always provided me with new insights into the issues I was examining in this research project.

I also want to acknowledge two key people from the School of Government at the University of Melbourne, Professor Janine O’Flynn and Dr. Helen Dickinson. I want to convey my appreciation to them for their willingness to read the thesis and offer me very helpful advice. In particular I express my sincere gratitude to Professor Janine
O’Flynn whose constant encouragement and salient advice helped to sustain me throughout the PhD and particularly in the last few months. I have the deepest admiration for Janine and her work and am truly grateful for her confidence in me. I also very much appreciated the feedback that Helen provided on later drafts of the thesis, her profound insight into the issues that I was investigating proved very helpful in pulling together the final draft of this thesis.

I particularly want to acknowledge the church leaders, senior managers and frontline staff who agreed to be interviewed for this project. I greatly appreciated their candour in expressing the challenges they confront as they endeavour to assist long-term unemployed and disadvantaged people.

Finally I want to express my deepest gratitude and appreciation to my family. My husband Ren has been a constant encourager and supporter. His supreme confidence in my abilities has sustained me throughout this sometimes, difficult journey. I also want to thank my son, Nick. I am enormously proud of his achievements and passion to succeed; he has been an inspiration and a great support to me throughout this PhD.
# Table of Contents

Abstract ............................................................................................................................................. 3  
Declaration ....................................................................................................................................... 5  
Preface ............................................................................................................................................... 6  
Acknowledgments .............................................................................................................................. 9  
Table of Contents ............................................................................................................................. 11  
List of Figures .................................................................................................................................. 15  
List of Tables .................................................................................................................................... 15  
Glossary .............................................................................................................................................. 16  
Part I: The Context ............................................................................................................................. 18  
Chapter 1: Why the study of church-related employment services .................................................. 18  
  Introduction ....................................................................................................................................... 18  
  The privatisation agenda ................................................................................................................... 19  
  Employment services quasi-market key features .......................................................................... 22  
  Characteristics of church-related welfare organisations ................................................................. 24  
  The significance of this research ...................................................................................................... 28  
  Structure of Thesis ............................................................................................................................ 32  
  Conclusion ....................................................................................................................................... 36  
Chapter 2: Policy context and contractual relationships .................................................................. 38  
  Introduction ....................................................................................................................................... 38  
  Welfare Reform ............................................................................................................................... 38  
  Australia’s modern employment system: the era of experimentation ............................................ 43  
  Churches concerns over workfare policies ....................................................................................... 47  
  Theories underpinning contractual relationships .......................................................................... 52  
  Principal-agent problems as they apply in the employment services system ................................ 62  
  Changing market share and the emergence of hybrid organisations ............................................. 66  
  Conclusion ....................................................................................................................................... 69  
Chapter 3: Institutional features and the influence of elite actors ..................................................... 72  
  Introduction ....................................................................................................................................... 72  
  Christian mission: internal religious debates .................................................................................. 73
Chapter 7: Who is calling the shots: the parent church or the purchaser? ...............183

Introduction ..............................................................................................................183

The changing nature of the contract........................................................................183

Principal-agent relationships and lack of trust.......................................................187

Which relationship has a stronger influence: purchaser or parent church?.........190

Conclusion ................................................................................................................205

Chapter 8: Policing the unemployed........................................................................207

Introduction ..............................................................................................................207

Organisational policies relating to jobseeker compliance......................................207

Attitudes to breaching ..............................................................................................208

Contract requirement narrative .............................................................................211

Compassion narrative .............................................................................................214

Tough love narrative ...............................................................................................217

The risk of being perceived as an agent of government ........................................219

Conclusion ................................................................................................................224

Part 111: Discussion and Conclusion......................................................................227

Chapter 9: Discussion: What has been gained and what has been lost in the employment services contracting model? .........................................................227

Introduction ..............................................................................................................227

The contracting environment..................................................................................228

Does government want stewards or agents?............................................................230

Designing a new approach to contracting...............................................................235

Implications of the research....................................................................................238

Conclusion ................................................................................................................243

Chapter 10: Conclusion: The disappearing religious influence ............................245

Introduction ..............................................................................................................245

Key Findings ............................................................................................................246

Central thesis aim....................................................................................................246

Key research questions ............................................................................................248

Limitations of this research......................................................................................257

Original contribution to knowledge .......................................................................257

Conclusion ................................................................................................................261

Reference List.............................................................................................................263
Appendices

Appendix 1: Frontline staff questions

Appendix 2: Senior managers questions

Appendix 3: Church leaders questions
List of Figures

Figure 1: Purchaser-Provider Choice Model ........................................................................57
Figure 2: Church principal-agent structure ........................................................................59
Figure 3: Principal-agent relationships for the four organisations in this study ..........112

List of Tables

Table 1: Comparison of Agency Theory and Stewardship Theory ............................................55
Table 2: Christian-based organisation’s changing business share .........................................68
Table 3: Religious authority structures vs. agency structure ......................................................85
Table 4: Overview of the interviews conducted ......................................................................113
Table 5: Senior Manager profile information ........................................................................114
Table 6: Gender of frontline staff ..........................................................................................115
Table 7: Number of sites represented in the study .................................................................115
Table 8: Emerging themes within the data ..............................................................................120
Table 9: Interview responses on the Christian identity of their organisation .........................127
Table 10: Did you choose to work in a Christian organisation?: Interview responses .............148
Table 11: Religious content in employment consultant position descriptions .......................153
Table 12: Religious content in senior manager position descriptions ....................................154
Table 13: Tensions between balancing the Deed with mission: Interview responses ...............159
Table 14: Worked in another employment services agency: Interview responses .................163
Table 15: Does your organisation provide unique services? - Interviewee responses ..........167
Table 16: Unique services as described by interviewees .........................................................168
Table 17: Interviewee views on which relationship is stronger: church or purchaser ..............191
Table 18: Interviewee views on whether church connection is an asset or hindrance ............199
Table 19: Attitudes to submitting Participation Reports to Centrelink ..................................210
Table 20: Explicit evidence of distinguishing characteristics .................................................249
Glossary

Centrelink: Australian Government agency responsible for administering the payment of government income support, pensions and benefits.

DEEWR: Department of Education, Employment and Workplace Relations.

DEWR: Department of Employment and Workplace Relations.

DSS: Department of Social Services.

Employment Services Deed – This is the title given to the contract between the purchaser and the contracted organisations for the period 2012-2015.

EPF: Employment Pathway Fund – This is a flexible pool of funds held by Department of Employment, which is nominally credited to the contracted employment services provider to be used to assist jobseekers to gain employment.

EPP: Employment Pathway Plan – This is an official document that all jobseekers must sign as a condition of receiving income support payments, it is equivalent to a job plan.

ESS: Employment Services System – This is the name given to the compulsory computer system that all contracted employment services organisations must use.

ESRA: Employment Services Regulatory Authority.

FP: For-profit organisation.

JA: Jobs Australia is the National peak body for non-profit employment, education and training organisations.
Jobactive: This is the collective title given to the network of organisations delivering Australia’s privatised employment services from 2015 onwards.

JN: Job Network - This was the collective title given to the network of organisations delivering Australia’s privatised employment services between May 1998 and June 2009.

JSA: Job Services Australia - This was the collective title given to the network of organisations delivering Australia’s privatised employment services between July 2009 and June 2015.

JSCI: Job Seeker Classification Instrument - This is a jobseeker-profiling instrument.

NFP: Not-for-profit organisation.

NESA: National Employment Services Association - This is Australia’s peak employment services body.

Newstart Allowance: is the title of government income support paid to unemployed people in Australia.

NPM: New Public Management.

OECD: Organisation for Economic Co-operation and Development.
Part I: The Context

Chapter 1: Why the study of church-related employment services

Introduction

In Australia, contracted employment services have been purchased from a range of different agency types since these services were formally privatised in 1998. These include for-profit firms, secular not-for-profit organisations and church-related organisations. The diversity of agencies suggests that policy makers consider it preferable to purchase services from a range of different organisations. The expectation would seem to be that diversity in contracted agency types would equate to innovation and diversity in service provision (Productivity Commission 2002). Indeed, the then Employment Minister Amanda Vanstone, in promoting the privatised employment system, stated that contracted organisations would use their expertise in providing distinctive services, therein offering greater choice to jobseekers (Vanstone 1996).

The aim of this thesis is to examine the extent to which these contracted organisations are able to deliver differentiated services, concentrating specifically on whether church-related organisations are able to demonstrate their distinctive mission, identity and attributes in delivering these services.

This chapter introduces the context and background to this research project, beginning with an overview of new public management ideals and the privatisation agenda, followed by an outline of the essential features of contracted employment services as they relate to this thesis. The particular characteristics of church-related organisations are then examined before moving on to focus on the significance of this research. This chapter also provides an overview of the thesis structure.
The privatisation agenda

The idea of outsourcing public employment services to private organisations had its genesis in the governance models that emerged in the 1990s in Australia. These were specifically aimed at dismantling public sector bureaucracies and making government organisations more efficient and accountable (Considine 2001, 2003; McDonald 1997; Ramia & Carney 2003). Often grouped under the banner of new public management (NPM), these new approaches represented a ‘major strategic shift’ in the way public services are now defined and delivered (Considine 2001, p.5).

The NPM reform agenda includes the privatisation of public services and the establishment of market-type approaches in the delivery of a range of health and community services (Carson & Kerr 2010; Lyons & Passey 2006; Rix 2005). The underpinning premise of NPM is that a market-oriented approach will improve performance and that incorporating private agencies in the delivery of public services will produce cost effective outcomes (Considine 2001; Hood 2000; Lyons 2007; Ramia & Carney 2003; Walker et al 2011). Not only does this represent a change in the structural conditions associated with the delivery of public services, it has been suggested that the rise of NPM ideals ‘marked a fundamental shift away from the egalitarian need-based and rights-based philosophies which underpinned the original welfare state’ (Rodger 2000 cited in Harris 2010, p.31).

Privatisation has resulted in non-government organisations taking a central role in assisting government in reforming the welfare state, and in this sense they have been ‘cast in a neoliberal role’ (Anheier 2009, p. 1084). Several scholars argue that the introduction of market-oriented approaches has had a significant impact on NFP organisations, resulting in them embracing the management practices and corporate strategies more common to the for-profit sector (Considine, O’Sullivan & Nguyen 2014a; Harris 2010; Ramia & Carney 2003).

The area where NPM reforms are most evident at a federal level in Australia has been in employment services where private organisations have been contracted to deliver services that were formerly provided through the public sector entity, the Commonwealth Employment Service (CES) (Considine 2001; Cooper 2011; Dockery...
In fact it has been argued that Australia’s contracted employment services are analogous to a textbook experiment in NPM (Marston & McDonald 2006; Ramia & Carney 2003). As asserted by Considine (2003, p.63), the involvement of private firms in the development of the quasi-market in employment services in Australia can be viewed as ‘the most important and most radical change to state-society relations since the advent of the modern welfare state’.

The first move towards contracting private organisations to deliver public employment services followed the release of the White Paper on employment titled Working Nation in 1994 (Keating 1994). Working Nation was introduced by Prime Minister Paul Keating and formed the Labor Government’s policy to reduce unemployment and foster sustainable economic growth. The overarching aim of the Working Nation White Paper was to address what was seen as the disturbing issue of entrenched long-term unemployment, skills atrophying and the loss of connection to the labour market experienced by an increasing percentage of unemployed people (Keating 1994).

Working Nation introduced case management as a means of providing individualised and tailored assistance to help the long-term unemployed to overcome barriers to employment (Carney & Ramia 2002; Webster & Harding 2000). Case management was seen as an innovative approach and a significant advancement in providing support to the long-term unemployed (Finn 1997; Webster & Harding 2000). In the Working Nation model, case management services were delivered through a new public agency established within the CES, Employment Assistance Australia, as well as through contracted private providers (Webster & Harding 2000). This was the first challenge to the dominance of the state as the owner and deliverer of employment services. It would eventually result in the dismantling of the CES (Eardley 2003b).

The Employment Services Regulatory Authority (ESRA) was established to oversee the development of the Working Nation case management system. Two church-related organisations, The Salvation Army and the Catholic agency, Centacare Employment Services, were asked by ESRA to participate in an initial pilot of contracted case management (CCM) in 1994 (ESRA 1996). Both these organisations had previously
delivered modest, government funded labour market programs (Bruttel 2005; Cleary 1993; Cooper 2011; Simper 2009).

In 1995, an open competitive tender for CCM services was held. It resulted in approximately one third of the employment assistance to the long-term unemployed moving from the public to the private sector (Considine 2001, 2003; Jose & Burgess 2005; OECD 2001). For-profit and not-for-profit organisations received contracts to deliver CCM services with the largest NFP organisations being the church welfare groups (Considine 2003). The outsourcing of case management services under *Working Nation* was a fundamental shift in the delivery of employment services in Australia and laid the foundations for the eventual creation of the Job Network (Eardley 2003b).

The Howard Liberal-National Coalition Government was elected in March 1996 and in August 1996 announced plans to fully privatise the CES and replace all existing labour market programs with a contestable quasi-market (Finn 1997; Voyce 2003). The then Minister for Employment, Vanstone, described the existing employment services system as one that emphasised ‘process rather than purpose’, noting that jobseekers were being churned through costly, cumbersome, and ineffective programs (Vanstone 1996, p.vii). In announcing the intended reforms to employment services, she stated that ‘detailed programme guidelines will be a thing of the past’ (Vanstone 1996, p. 23). The intent of the reforms was that the assistance offered was to be ‘client-driven, not program-driven’ and that contracted organisations would have maximum flexibility in how they organised and delivered assistance (Vanstone 1996, p. 11). It is instructive to revisit these principles in light of the increasing prescription that has subsequently become the hallmark of contracted employment services in Australia.

The contracted employment services tender released in 1997, was the largest human services’ tender in Australia’s history attracting over 1,000 organisations bidding for a share of the $1.7B contract volume (OECD 2001; Considine 2001). Australia was one of the first countries to introduce market-type mechanisms in employment services, in what was then called a radical experiment (Considine 1999, 2001; Dockery 1999; Eardley, Abello, & MacDonald 2002; OECD 2001; Thomas 2007).
Australia’s fully privatised employment service system thus began in 1998 with the establishment of the Job Network (JN), initially comprising over 300 organisations from the public, for-profit and not-for-profit sectors (Considine 2001; Eardley 2003a, 2003b; Eardley et al 2001). Several Christian-based organisations were successful in winning contracts in the first employment services tendering round. The largest provider was the corporatised government agency, Employment National, with 40 per cent of the contract share while Drake International, the private recruitment firm, won the second largest contract (Eardley 2003b; Finn 2008; Rogers 2007; OECD 2012).

**Employment services quasi-market key features**

Within the contracted employment services system, contracted organisations are required to work closely with two key government organisations, the Department of Employment and Centrelink. The Department of Employment performs two very central roles as both the purchaser of services and the key principal responsible for monitoring the performance of organisations against the contractual obligations. The purchasing of services is done via a Request for Tender (RFT) and potential tenderers are invited to submit a bid to deliver services to a specified number of jobseekers in prescribed labour market regions throughout Australia (Eardley 2003b; OECD 2012; Finn 2011). Following the assessment of tender bids, the successful tenderers are allocated a maximum number of jobseekers that they are contracted to assist; this is known as market or business share (OECD 2001).

The purchaser monitors the comparative performance of contracted employment services organisations using a system known as the star ratings. This rating system measures the job placement performance of individual employment services sites, with adjustments being made for differences in jobseeker characteristics and local labour market conditions (OECD 2012). Contracted employment services organisations receive ratings of between one and five stars against each of their service delivery sites. The purchaser publishes the star ratings for all contracted organisations every six months. The ratings are used in a periodic business reallocation process, during which the purchaser will reduce the business share of relatively poorer performing
organisations while higher performing organisations are rewarded by gaining additional business share (Fowkes 2011; Productivity Commission 2002).

Centrelink acts as the gateway to contracted employment services and has the role of administering income support payments, as well as allocating jobseekers to a provider organisation (Burgess 2003; Cooper 2011; Finn 2011). When a jobseeker applies for income support, a Centrelink staff member undertakes an initial assessment using a profiling instrument known as the Job Seeker Classification Instrument (JSCI) (Finn 2011; OECD 2012; Productivity Commission 2002). The JSCI uses 18 different factors to measure each jobseekers’ relative degree of difficulty in gaining employment, and specifically aims to identify those job seekers who have complex or multiple barriers to employment that need additional assistance (JSCI 2014).

Jobseekers are offered a choice of provider organisations and ostensibly the star ratings are available to guide them in making their choice. However, in reality the majority of jobseekers do not exercise a choice and each jobseeker is therefore randomly allocated to a provider through the Centrelink process (Davidson & Whiteford 2012; OECD 2001). Those who do make a choice, tend to choose their employment services provider organisation on the basis of convenient location and/or previous dealings with that organisation (Finn 2011).

The fee structure that applies to the contracted employment services system includes commencement fees, paid when jobseekers are first interviewed and a job plan is developed. Other fees include, job placement fees, payable when the jobseeker obtains employment and outcome fees, payable at various stages of job retention, for example following three and six months of continuous employment (Burgess 2003; Finn 2011; OECD 2001). Service fees were introduced into the payment structure in 2003 and these are paid at different intervals.

The payment by results method of funding means that a contracted organisation is able to retain any surpluses. This feature of the employment services system has the potential to create a profit mentality amongst all employment service providers,
including church-related and not-for-profit organisations (Considine, Lewis & O’Sullivan 2011; Productivity Commission 2002).

**Characteristics of church-related welfare organisations**

Christian churches in Australia have traditionally held a unique place in delivering a wide range of welfare services that respond to emerging needs (Dickey 1980; Hughes 2013; Murphy 2011a, 2011b). As part of the charity sector they have provided services to support people in need since colonial times, long before any form of comprehensive government intervention (Jones 1990). The Industry Commission (1995, p. xvi) noted that charitable organisations in Australia ‘arose from the compassion, goodwill and foresight of men and women of philanthropic, humanitarian and religious convictions’.

Religious organisations are frequently recognised as leading the way in addressing social concerns, often ahead of secular not-for-profits and government agencies (Breward 1993; Monsma 1996; Wittberg 2006). The norms of religious based organisations are to do good works and in particular to help the needy, indeed, they are said to bring a strong sense of caring and compassion to the provision of welfare services (Cnaan & McGrew 2005; Monsma 1996). Putnam (2000, p.67) argues that ‘the tie between religion and altruism embodies the power of religious values’.

Political leaders from across the political divide have acknowledged the role of churches in Australia as social reformers as well as pioneers in the development of new and innovative models of care (Abbott 2004; Evans 2004; Howe 2004). The former Australian Labor Party (ALP) Minister, Chris Evans, suggested that there is something special in the way church groups deliver welfare services. He observed that this flows from the mission of the church and from the staff who are seen to demonstrate empathy with clients and a commitment to their vocation (Evans 2004). The Deputy Prime Minister in the Hawke and Keating Labor Governments, Brian Howe, referred to what he described as the critically important role that churches have played as advocates for the poor and disenfranchised (Howe 2004). Liberal MP, Alan Cadman, suggested that Christian agencies are successful because they are ‘prepared to go the extra mile and spend the extra time’ with clients (cited in Maddox 2003, p.9).
Minister for Employment from 1998 to 2003, in the Liberal-National Coalition Government, Tony Abbott argued that Christian charities bring a unique dimension to employment services. Using overtly religious language, he asserted that their success in achieving outcomes for the long-term unemployed was related to their faith conviction:

There is something extra about people with faith in their hearts and the love of God on their lips, that gives them that extra commitment to jobseekers. It’s not easy to work with jobseekers, particularly the long-term unemployed (Abbott 2004, p.4).

Smith and Lipsky (1993) contend that there are three key reasons that explain why governments are attracted to the notion of contracting with NFP organisations. Firstly, and most importantly for government, is the reduction in the cost of providing the service. This can be attributed to NFP labour costs being lower than the public sector wages system. Further, the dynamics of the market may result in costs being pared back by competing organisations eager to win contracts. Secondly, contracting provides greater flexibility as NFPs are seen to respond and adapt more quickly to changing demands. Thirdly, contracting enables government to extend service provision while appearing to contain government growth. A further reason governments favour contracting NFPs generally, and church-related organisations in particular, relates to their perceived legitimacy through being connected to local communities (Murphy 2011b). Moreover, religious organisations emphasise thrift in the provision of services and this is likely to enhance their appeal as contracted providers (Smith & Sosin 2001).

Within this context, it seems reasonable to conclude that church-related organisations are expected to be different in the way they deliver contracted employment services, and that those differences should be evident in the way services are presented and promoted to various stakeholders. However, researchers have argued that delivering employment services in a highly competitive environment within the confines of a prescriptive funding contract has resulted in the standardisation of service provision (Considine et al 2011). This is seen to create convergence between the various private
organisations delivering these services. Moreover, as these private organisations are contracted to deliver public employment services in accordance with government policy, the boundary lines between the public and the private sectors are becoming increasingly blurred (Considine 2001, 2003; Howe 2002; Saunders 2009). These factors have the potential to create challenges for church-related organisations in particular, and may ultimately result in the obscuring of their unique mission, the loss of religious identity and the attenuation of denominational ties.

When we consider the role of Christian churches in the provision of welfare services in Australia, we can observe a number of phases. Throughout the 19th to the mid-20th century welfare services in Australia were overwhelmingly delivered by religious based charities, some of which are perceived today to be the responsibility of the state (Ayton et al 2012; Camilleri & Winkworth 2005; Dickey 1980; O’Halloran 2011; Murphy 2011a, 2011b). Those services specifically focused on poverty relief, helping the unemployed, care for the sick via hospitals, the establishment of children’s homes to care for abandoned children and shelters for the poor and destitute.

The growth of the welfare state in the 1940s saw the establishment of a welfare safety net through the introduction of income support for those without employment (Jones 1983). With the advent of this safety net, churches moved their focus from direct poverty relief into care for the elderly via aged care facilities and expanded their work in children’s homes. From the mid-1970s onwards, church groups developed other welfare services. These were designed, however, to complement, not replace, the role of the state (Smyth 2006).

With the rise of NPM in the nineties and the shift towards government funded, but privately delivered services, churches entered a new phase in the delivery of welfare services and their relationship with government. They continued to deliver services, but tendered for the right to do so, entering into complex government contracts when successful. This shift from providing services where a need is perceived to exist towards tendering for prescribed services raises important questions about churches as welfare relief organisations and what, if anything, distinguishes them from the myriad of other organisations also tendering to deliver the same prescribed services.
Because churches are unique in as much as they are motivated by a Christian conviction that is informed by the teachings of Jesus Christ we would expect the way they deliver services would be distinctive. Several writers suggest that the example of Jesus should be reflected in church-related services in a compassionate response to the most disadvantaged and vulnerable (Ayton et al 2012; Davies-Kildea 2007; Hugen & Venema 2009; Judd, Robinson & Errington 2012; Winkworth & Camilleri 2004). In government funded programs, distinguishing features may include providing services that extend beyond the specific dictates of government or contract requirements to meet the particular needs of vulnerable individuals (Davies-Kildea 2007; Winkworth & Camilleri 2004).

Another traditional feature of church-related organisations is their role in advocating for a fair and just society, in keeping with scriptural imperatives (Berthon & Hatfield Dodds 2004; Bouma 2012; Howe 2002; Cleary 2002). This includes challenging social structures and political systems that disempower the poor and marginalised (Begent 2014; Berthon & Hatfield Dodds 2004; Cleary 2012).

The expressed values of church-related organisations focus on respecting the dignity and worth of each human person as well as creating a sense of community and belonging (Ayton et al 2011; Mendes 2003a; Jeavons 1992). Father Peter Norden, when he was with Jesuit Social Services, gave expression to the distinctive characteristics of church-related welfare organisations when he stated:

\[
\text{We are not just a welfare service; we are also a Christian ministry. So we choose the young people we work with on the basis that they’re most likely to fail, the most in need. You don’t measure your success on numbers but what you’re actually communicating to this person, a sense of care, respect and belonging’ (Norden 1993 cited in Howe & Howe, 2012, p.330).}
\]

The traditional role of churches in creating a sense of belonging and building community has contributed to the development of social capital (Berger & Neuhaus
Faith-based organisations have been described as contributing to the cement or glue that holds civil society and its members together (Beck 2010; Bielefeld & Cleveland 2013a; Putnam 2000). This involves subscribing to values and norms that separate them from business and the market (Cleary 2012; Howe 2002).

However, some argue that the act of tendering for prescribed services within a quasi-market construct renders the church unable to be distinctively ‘church like’ (Evans 2004; Howe 2004). In fact some scholars state that church-related organisations that contract with government are likely to become more secularised (Bielefeld & Cleveland 2013b; Bretherton 2010; Howe 2002). Criticisms have been levelled against churches including a suggestion that the contracted services model draws them too closely into the state, therefore rendering them less effective critics than they might be if they were positioned as outsiders (Austin 2003; De Carvalho 1994; Gregg 2000; Howe 2002; Kissane 2003).

Church-related organisations in these circumstances are required to respond to Government’s agenda rather than deciding for themselves what they consider to be the response required to address specific social problems (Ayton et al 2012; Cleary 2012; Lipsky & Smith 1989; Webster 2002). It has been suggested that in accepting these contracts from government, the church is legitimating a neoliberal agenda (Rapson 2006). Moreover, when government determines the priorities and activities of church-related organisations there is a propensity for mission drift to occur (Bennett & Savani 2011).

**The significance of this research**

Much of the literature on faith-based organisations delivering social services comes from the United States (U.S.) (Bane, Coffin & Higgins 2005; Chaves & Tsitsos 2001; Gibelman & Gelman 2002; Jeavons 1994; Kuzma 2000; Monsma 1996; Sider & Unruh 2004; Unruh & Sider 2005; Vanderwoerd 2004; Wittberg 2006), where religion is regarded as an important and integral part of American life and where most social
workers affiliate with a Christian denomination (Bane et al 2005; Canda & Furman 2009).

The Charitable Choice legislation in the U.S. enacted under Section 104 of the 1996 Federal Welfare Law Governing State Cooperation with Faith-based Social Service Providers, actively privileges and promotes the involvement of faith-based organisations in human service delivery (Cnaan & Boddie 2002; Melville and McDonald 2006; Pipes & Ebaugh 2002). Through this legislation, previous restraints on faith-based organisations delivering federally funded welfare services have been removed and they are permitted to express their religious characteristics (Center for Public Justice, 1997; Ebaugh, Chafetz & Pipes 2005; Sider & Unruh 1999).

The passing of the Charitable Choice legislation has spurred considerable debate relating to government support of faith-based service provision and has resulted in significant academic inquiry into the role and characteristics of faith-based service providers in the U.S. (Bielefeld & Cleveland 2013a; Campbell 2002; Chaves & Tsitsos 2001; Clerkin & Grønbjerg 2007; Ebaugh et al 2003; Farnsley 2001; Pipes & Ebaugh 2002;). Australia has no such legislation and in fact there is nothing in Australia’s colonial history or constitution that provides a formal role for the church (Frame 2006). Nonetheless church-related organisations, as significant providers of welfare services in Australia, have had a major influence on the way social policy and programs have developed (Howe & Howe 2012).

In 1995 the Industry Commission’s report on charitable organisations identified the 50 largest charities in Australia, of which 20 were faith-based (one was Jewish and the rest were Christian). Further in 2011, O’Halloran noted that 23 of the 25 largest charities in Australia, in terms of revenue, were Christian charities. The four major national church welfare bodies, Anglicare Australia, Catholic Social Services, The Salvation Army and UnitingCare Australia, play a significant role in providing welfare relief, dealing with over four million citizens each year (Access Economics 2008).

Despite the large contribution that religious organisations make as part of the not-for-profit sector, there is an absence of critical data or analysis on how church-related
organisations operate (Melville & McDonald 2006). Most of the social policy literature conflates the terms churches and charities and no distinction is made between the church welfare services and other not-for-profit services. Indeed in many studies church groups are generally subsumed within the not-for-profit sector (Melville & McDonald 2006).

Moreover, while there has been a significant amount of research focusing on the performance and efficacy of contracted employment services in Australia (Abello & MacDonald 2002; Considine 2000a, 2000b, 2001; Considine et al 2008, 2011; Eardley 2003b; Marston & McDonald 2006; O’Sullivan et al 2009; Productivity Commission 2002), there have been few studies that specifically examine the impact of government contracting on church-related organisations delivering these services.

Two recent exceptions are Garland (2008) and Webster (2010). Garland (2008) uses Critical Discourse Analysis of textual material to examine the involvement of The Salvation Army in the Job Network. Garland’s thesis specifically concentrates on the dissonance between The Salvation Army’s founding vision and the policy discourse that underpins contracted employment services. Webster (2010) relies on secondary research sources drawing on media reports and general documents within the public domain. She argues that the involvement of Mission Australia and The Salvation Army in the Job Network helped to facilitate the neo-liberal agenda of the Howard government. These two studies provide some insight into the role played by church-related organisations within the Job Network. However, there remains a gap in the literature relating to the impact that government-contracting regimes have on the mission, identity and the internal relationships of the churches involved. It is this lacuna that has inspired this research.

This investigation is particularly salient, in light of the government’s intent on diminishing its role in social protection and the enhanced role proposed by government ministers for civil society and the non-government sector in human service delivery (Andrews 2014b, 2014c; Morrison 2015b, 2015c). Indeed it is likely that church-related organisations will be encouraged to take on more public services (Ayton et al, 2012). Consequently, it is timely to examine the degree of structural
isomorphism that occurs within the contracting regime and what this means for the core mission and identity of church-related organisations (Leiter 2005).

This study therefore contributes to the literature relating to the externalisation of public services and models of contracting. The central aim of this thesis is to examine how the contracting environment impacts the behaviour, mission and discrete identity of church-related organisations. To assist in this investigation, this thesis seeks to answer four key questions:

1. What do church leaders regard as their distinctive attributes and how are these manifested in contracted employment services?

2. To what extent are the forces of secularisation evident in the church-related organisations under consideration?

3. To what extent do the other actors in the institutional field shape the culture and identity of church-related organisations?

4. How does the contractual relationship with the purchaser influence the behaviour of church-related organisations?

These questions are answered via a case study of Australia’s contracted employment services system. While the contracted employment services system is the central focus of this study, the findings may have a broader application when considering the role of church-related organisations delivering government funded welfare services.

In many respects the developments that are occurring within the contracted employment services field are increasingly becoming essential features of the broader welfare services landscape (Ryan 1999; Shergold 2013; Webster 2002; Winkworth & Camilleri 2004). These include a focus on outcome based payment systems, intense competition for funding and the entry of for-profit firms into the welfare service environment (Shergold 2012). In this sense the findings from this study may be a useful predictor of what is likely to transpire in other church-related welfare services.
particularly where governments adopt quasi-market models in contracting for public service delivery.

**Structure of Thesis**

The thesis is structured into three parts and 10 chapters. Each chapter examines different aspects of the contracting environment and how this impact on the behaviour, mission and identity of the church-related organisations involved in this study.

**Part I: The Context**

Part 1 provides the context for the research project and includes chapter 1 to 4. Chapter 1 provides the background and motivation for this study as well as an overview of the structure of the thesis. The literature review in chapter 2 examines the policy context and how the contracting environment has evolved since contracting began in 1998 until 2014. The key unit of analysis in this investigation is an examination of the nature of the contractual relationships between the key actors using the lens of principal-agent theory and, in particular, comparing this to the alternative approach described in stewardship theory. The key assumptions underpinning these theories are explained in chapter 2.

Chapter 3 examines issues relating to the mission and religious identity of church-related organisations, including the internal theological and religious debates that impact on how church welfare organisations are viewed by those within churches. Neo-institutional theory and neo-secularisation theory underpin this examination. Neo-institutional theorists refer to the phenomenon of isomorphism, which describes the propensity of organisations operating within the same institutional field to become more alike as a result of environmental pressures. This has the potential to cause church-related organisations to resemble their secular counterparts in management and operational practices. Neo-secularisation theorists define secularisation as the demise of religious authority. They suggest that churches operate within a dual structure and internal secularisation can occur when the church-related organisations engage with other external organisations and adapt to the demands of the
environment. Neo-institutional theory and neo-secularisation theory are interrelated in the confluence of isomorphic pressures stemming from the institutional field and the demise of religious authority within church-related organisations.

To conclude the background section of this thesis, chapter 4 details the methodology selected for this study. This qualitative research project uses a case study design comprising church-related organisations that have been involved in the delivery of contracted employment services for at least 10 years. A collective case study method provides the opportunity to undertake an in-depth examination of how the environmental factors influence the church-related organisations under consideration. This research project analyses data from a number of sources including semi-structured interviews with key informants and interviewees, document analysis, and a review of policy directives in relation to welfare reform and contracted employment services.

**Part II: Findings**

The findings that emerged during this inquiry are contained in chapters 5-8. Chapter 5 applies neo-secularisation theory to examine the extent to which religious authority is evident and influential in the church-related organisations in the study. I argue that although internal secularisation is not yet complete, there is evidence of secular compromises being made as these church-related organisations try to manage the competing pressures arising from the religious and secular influences.

In chapter 6 I utilise neo-institutional theory to investigate the presence of isomorphic pressures within the institutional field. The analysis of the evidence confirms that coercive and mimetic pressures have the effect of creating convergence between the different types of contracted employment services organisations. This has resulted in homogenisation and the erosion of any distinctive attributes that church-related organisations may claim to have. I argue that the uncertainty created in an intensively competitive environment becomes fertile ground for mimetic isomorphism. This has resulted in church-related organisations emulating the business practices of the elite organisations in the field. The existence of these pressures is creating tensions for
church leaders and causing them to question their involvement in the employment services quasi-market.

In chapter 7, I examine the way organisational relationships are structured using principal-agent theory to guide the analysis. The influence of the purchaser in the principal-agent relationship is compared and contrasted with the nature of the relationship between the parent church and its employment services arms. The conclusion drawn in this chapter is that the purchaser has more influence and control over these organisations than the parent denomination and indeed the relationship with church congregations is minimal. This holds true to varying degrees in each of the organisations under consideration.

Chapter 8 examines the role that contracted employment services providers have in implementing the welfare to work policies of the state, otherwise known as workfare. This includes the contractual requirement to police and report jobseekers that fail to meet their obligations. With the question of whether this undermines the social mission of the church in mind, chapter 8 showcases interview data that demonstrates the attitudes of frontline staff working in the case study organisations. I find three narratives that inform the attitude and behaviour of frontline staff in relation to sanctioning. The most prominent of these is the contractual narrative that suggests they have no choice and therefore are compelled to take action to report jobseekers that do not comply with their obligations. The second narrative relates to showing leniency towards jobseekers, thereby demonstrating compassion. The final narrative argues that a tough love approach is necessary to motivate the unemployed. The chapter concludes that there are strong grounds for perceiving church-related organisations as an arm of the state in carrying out this policing role.

**Part 111: Discussion and conclusions**

While this study primarily exposes the challenges confronting church-related organisations operating within the contracted employment system and the potential that exists for their mission to be compromised, it also highlights the policy implications of the principal-agent model of contracting environment. In chapter 9 I argue that by adopting a principal-agent model the purchaser has introduced an
adversarial approach that assumes a clash of interests between the purchaser and the provider organisations. The outcome is a highly prescriptive contract that dictates the service approach and inhibits innovation and cooperation between provider organisations.

Although the fulcrum of this research is the area of contracted employment services, similar risks and challenges are likely to present themselves in other policy arenas where a principal-agent approach is taken. If the policy aim in contracting public services to private organisations is to encourage diversity and innovation, policy makers may need to explore different contracting approaches.

Chapter 10 provides the thesis conclusion. In presenting the findings from this investigation I argue that four major impacts can be observed within the church-related organisations in this study. These are:

1. A loss of discrete faith-based characteristics and distinctive service approach, arguably resulting in their unique mission being compromised;

2. The attenuation of religious identity and denominational links;

3. Adaptation to the quasi-market by emulating the business practices more commonly seen in for-profit organisations;

4. Reduced autonomy as a consequence of the way in which the purchaser manages the contractual relationship, resulting in church-related organisations being seen as quasi-government organisations.

While some of these impacts can be explained using neo-secularisation and neo-institutional theory, the key unit of analysis is the principal-agent model of contracting. This study finds that the microscopic monitoring that underpins this approach has not only increased the cost of managing this system, but has also undermined the benefits that could flow from the altruistic mission of the church-related organisations in this study.
Conclusion

Christian churches have had a major influence in the way social policy and programs have developed in Australia and they are seen to be pioneers in responding to emerging social problems (Howe & Howe 2012). Their unique Christian characteristics, informed by the teachings of Jesus are said to have a special influence on the way in which they deliver welfare services. However, since the rise of NPM and privatisation of public services the welfare services landscape has changed dramatically, this is particularly evident in the field of employment services.

The complex arrangements and relationships that exist within the contracted employment services environment have the effect of blurring the boundaries between government, the market and civil society (Brennan 1998; Eikenberry & Kluver 2004; Howe 2002; Sanger 2003). Convergence is occurring between for-profit, not-for-profit and church-related organisations. I argue that it is becoming increasingly difficult for church-related organisations to maintain their unique mission and identity, in this environment.

This chapter has outlined the rationale for this study and provided an overview of the structure of the thesis. Although church-related organisations are significant providers of welfare services in Australia, there has been limited research into the impact of government funding on the behaviour, mission and discrete identity of these organisations. This thesis aims to fill that gap.

The contracted employment services system has been in a continual state of flux since it commenced, leading to the system being dubbed ‘the reform that never ends’ (Considine 2005, p.41). This study focuses primarily on the period between 1998 and 2014 and considers the shifts that have taken contracted employment services from a flexible ‘black box’ approach to the overly prescriptive contracting arrangements that now dominate.
In the next chapter I provide an outline of the policy context and trace the evolution of contracted employment services from the establishment of Job Network (JN) in 1998 and the subsequent transition to Job Services Australia (JSA) in 2009. The key unit of analysis is the nature of the relationship between the purchaser and contracted providers, examined through the lens of principal-agent and principal-stewardship theory.
Chapter 2: Policy context and contractual relationships

Introduction

This chapter examines the policy environment contextualised as welfare reform and traces the developments that have occurred within the contracted employment services system since it began in 1998. In examining the welfare reform agenda I concentrate on government’s increasing focus on workfare policies and the concerns raised by church groups when these policies first emerged. Welfare reform means that the relationships between church-related contracted employment services organisations and their jobseeker clients are mediated through a policy lens that has constructed the unemployed as the problem (Marston & McDonald 2008; Stewart 2007). This has the potential to create tensions within church groups.

The evolving relationship between the purchaser and the contracted organisations is a major unit of analysis in this thesis and the theoretical foundations that underpin contractual relationships are examined in detail in this chapter. This includes an explanation of principal-agent theory compared and contrasted with principal-steward theory. I argue that the changes that have occurred with each contract iteration not only reflect the political goals of government in respect to welfare reform, they also expose the actions taken by the purchaser to address gaming behaviour or post contractual opportunism as it is referred to in the principal-agent literature.

Welfare Reform

The approach taken to delivering services to unemployed people has been embedded in a welfare reform agenda in Australia since the early 1990s. Concern about rising unemployment and seemingly entrenched long-term unemployment created political uneasiness resulting in welfare state retrenchment pressures (Fenna & Tapper 2012). Unemployment benefits were restructured in 1991 and new policies emerged that placed specific obligations on unemployed people. This included tightening eligibility
criteria and implementing tougher job search and activity requirements, particularly for the long-term unemployed (Eardley et al 2004; Yeend 2000, e-brief).

The emphasis began to shift in political discourse from viewing the problem of unemployment primarily as a social and structural issue to promoting the issue as the fault of the unemployed themselves (Marston 2014). This social construction of the problem of long-term unemployment frames the issue within the particular narrative of welfare dependence and gives rise to certain assumptions about the behaviour of the unemployed (Newman 2001). The shift towards a welfare dependency narrative received significant impetus in Australia in 1999, when the then Minister for Family and Community Services, Senator Jocelyn Newman, launched a discussion paper titled, *The Challenge of Welfare Dependency in the 21st Century* (Newman 1999).

The welfare reform debate has been framed according to a specific ideology informed by neo-liberal commentators such as Lawrence Mead from the U.S. and Peter Saunders from the Centre of Independent Studies in Australia (Mead 1986, 1997a, 1997b, 2000, 2007; Saunders 2002, 2003a, 2003b, 2003c, 2004, 2008, 2013). Mead advocates a paternalistic approach that essentially focuses on behavioural modification using coercive methods. He defines paternalism as, ‘social policies aimed at the poor that attempt to reduce poverty and other social problems by directive and supervisory means’ (Mead 1997b, p.2).

Under these policies certain requirements and activities are enforced to create personal reliance (Mead 1997a, 1997b). The assumption underpinning this approach is that welfare recipients are content to remain in receipt of government income support, that they are not trying hard enough and are incapable of managing their own affairs because of a history of welfare dependence (Bessant et al 2006). Saunders shares the ideals promoted by Mead and argues that unemployed people ought to be forced to participate in work or training activities to discourage welfare dependency (Saunders 2002).

Therefore the new politics of the welfare state casts the unemployed as welfare dependent and Government contends that policies need to be implemented to
address this malaise (Bessant 2002; Mendes 2009; Wilson & Turnbull 2001). This essentially creates a new paradigm for social welfare, moving away from concepts of entitlement (Eardley, Saunders & Evans 2000; Shaver 2001; Wilson & Turnbull 2001). The focus on so-called, welfare dependency has resulted in making receipt of income support a stigmatised condition in Australia (Bessant et al 2006; Considine 2001; Henman & Perry 2002; Mendes 2002; Voyce 2003).

Voyce (2003) makes the point that although dependency was once regarded as a normal human condition, in the context of welfare reform, the concept of dependency has strong moral overtones. The creation of a ‘welfare dependent’ identity for various marginal groups in society gives rise to the view that these individuals have personal deficiencies that need to be remedied (Archer 2009; Marston & McDonald 2008). Indeed, Mead asserts that it is the ‘disorders of their private lives’ that prevent poor people from working (Mead 1997b, p.15).

Maddox states that neo-liberals believe that the welfare state itself ‘holds moral dangers’ (Maddox 2005, p.237). Some argue that the government’s workfare strategies are intended to appeal to the moral convictions of conservative voters (Maddox 2005; Wilson & Turnbull 2001). Moreover, the involvement of church groups in the privatisation of welfare services is designed to lend credibility to the government’s welfare reform agenda and gives these workfare strategies a moral tone (Maddox 2005). Almost to reinforce this point, it is interesting to note that the official launch of Job Network by the then Minister for Employment, David Kemp, occurred on 1 May 1998 from the premises of The Salvation Army’s head office in Melbourne (Mitchell 1998).

Mandatory type programs which Mead refers to as ‘help and hassle’ (Mead 1997, p.35), have become a centrepiece in the welfare to work policies that underpin the contracted employment services in Australia. Jobseekers are under compulsion to participate in a range of activities in order to qualify for income support and failure to comply is likely to result in the application of sanctions (Eardley et al 2000; 2004; Ramia & Carney 2003; Yeatman 2000). Contracted employment services organisations
are actively involved in implementing this aspect of the Government’s welfare reform agenda and are required to monitor the jobseeker’s activities.

The increasing conditionality attached to income support payment in Australia has been pointedly expressed in the mutual obligation policy framework (Mendes 2009). This framework is based on the concept that welfare assistance provided to the unemployed should involve some responsibility on their part and includes the obligation to actively participate in work related activities (Yeend 2000). Mutual obligation is enshrined in Social Security legislation, in what is known as the *activity test*, and is described as follows in the Guide to Social Security Law:

> The concept of ‘mutual obligation’ refers to the general principle that it is fair and reasonable to expect unemployed people receiving income support to do their best to find work, undertake activities that will improve their skills and increase their employment prospects and, in some circumstances, contribute something to their community in return for receiving income support (Guide to Social Security Law 2014).

In this context, mutual obligation has taken on a very narrow definition specifically highlighting the obligations of welfare recipients and not the mutual obligation of government or society towards the unemployed (Eardley et al 2000). Kinnear (2000) asserts that unemployed people are penalised by society in two ways. Firstly they are denied the opportunity to work and secondly they are subjected to a ‘stick’ approach if they receive government income support.

Mendes (2003b) notes that the philosophy of mutual obligation is generally associated with a punitive approach that results in fines if unemployed people breach their obligations. He also argues that the rigid contractual arrangements based on mutual obligation create a ‘major ideological deficit’ within the contracted employment services system (Mendes 2003b, p.24). Rather than focusing on positive engagement with jobseekers, mutual obligation emphasises the negative consequences of non-compliance. Mendes suggests that some employment services providers might feel challenged in trying to protect their clients from the potential harm associated with
reporting them to Centrelink and the subsequent loss of income (Mendes 2003b). Indeed Murphy et al (2011, p12.) suggest that the confused and somewhat conflicted double role of helper and enforcer has created ‘ethical tensions for human services professionals working on the front line of welfare reform’.

The welfare reform agenda in Australia is encapsulated in the political mantra used by various Government Ministers, ‘the best form of welfare is a job’ (Abbott cited in Griffiths 2013; Andrews 2014a; Hockey 2014; Morrison 2015a). The strong emphasis is that if jobseekers are not working in a job, they should be working for their dole (Abbott 2012). These types of statements are used to reinforce the Government’s resolve in implementing its workfare policies.

Attaching specific work and/or training requirements to those in receipt of government income support, through some form of activity test, is not isolated to Australia. In fact active labour market strategies or activation policies are increasingly common across OECD member countries (Marston, McDonald & Bryson 2014; OECD 2007). Active labour market strategies require unemployed people to participate in activities that in theory are designed to assist them to gain employment (OECD 2012).

Proponents of these approaches argue that mandating compulsory work and/or activity requirements is necessary in order to motivate the unemployed to maintain a focus on job searching (Abbott 2000; Baker 2013; Field 1997; Mead 1997b; Saunders 2008). This conviction is sometimes expressed using the rhetoric of tough love, in keeping with the paternalistic approaches advocated by Mead and others (Bessant 2002; Considine & O’Sullivan 2014). Government ministers proclaim that their welfare to work policies have been designed with the best interests of jobseekers in mind. In other words it is done for their own good. As Prime Minister, Abbott in particular used this type of language to persuade a given audience of the appropriateness of government policies (Lunn 2011). In an article in The Australian newspaper in 2011, he stated:

Sometimes governments have to be firm to be fair. Allowing people to stay on welfare when there is work they can reasonably do is the kindness that
kills. It’s the misguided compassion that eventually breaks down the social fabric (Abbott 2011).

While the Government’s broad welfare reforms goals are defensible and some may say commendable, it is the means to achieving these goals that are questionable. In particular the increasing conditionality applied to welfare payments and the implementation of coercive workfare programs that rely on punitive actions to reinforce claimant obligations (McDonald & Marston 2005).

**Australia’s modern employment system: the era of experimentation**

While contracted employment services in Australia have a central role in ensuring that jobseekers comply with their mutual obligation, this aspect was not strongly enforced in the early years of contracting (Fowkes 2009). The Government’s stated objective in privatising the public employment services was to create a cost effective service delivery system that was incentivised to achieve sustainable employment for the long-term unemployed (Vanstone 1996).

The service model built on the strong case management provider sector created under the Working Nation program (Vanstone 1996). Many of the church-related groups had demonstrated their success in delivering these services under the Working Nation and therefore saw it as a natural progression to tender to deliver services under the new arrangements. While some church-related organisations expressed concerns about the quasi-market approach, others saw participation in contracted employment services as a way to expand their organisational capacity and move into new geographic areas (Edwards 2006; Howe 2002; Cleary R, 2002; Govorcin 2003; Tingle 2000; Webster 2002).

When the quasi-market first commenced, government insisted that the new approach would encourage diversity and innovation by establishing a flexible model. The emphasis was outcomes rather than on bureaucratic process, which was considered to be the failure of the public employment service (Vanstone 1996).
There have been several contracting periods since the establishment of Job Network (JN) in 1998 and the subsequent transition to Job Services Australia (JSA) in 2009. Each new contract has involved substantial adjustments in the structure of the market and modifications to the service model (OECD 2012; Thomas 2007). It is instructive to understand the rationale behind the changes that have occurred over this period as this provides insights into the increasing focus on jobseekers obligations, as well as the way in which the purchaser has dealt with perceived deficiencies within the system.

During the first two contracting periods three different types of services were tendered. These included Job Matching (JM), which was essentially a job placement service. Job Search Training (JST) was provided to jobseekers after they had been registered with Centrelink for between four to six months. The third service type was known as Intensive Assistance (IA), which provided case management support to assist long-term unemployed and disadvantaged jobseekers (OECD 2012; Productivity Commission 2002).

The church-related organisations performed very well in the first contract. Their success was attributed to their willingness to focus attention and invest in providing support for the most disadvantaged jobseekers (Considine 2001; Productivity Commission 2002). Conversely the corporatised public provider, Employment National, focused on providing recruitment services to high-end employers, who were disinclined to employ the long-term unemployed. As a consequence their performance slipped and they lost their contract share.

Therefore, contract two began with the exit from the quasi-market of the corporatised public provider and the ascendancy of church-related organisations as the largest provider organisations (Abello & MacDonald 2002). The Salvation Army Employment Plus won 13% of the contract share and became the largest provider, Mission Australia was the second largest with 11% of the contract share, Wesley Uniting and the Catholic agency Centacare each had a 4% share of the market (Bruttel 2005).

Murphy (2011a) made the observation that when The Salvation Army Employment Plus became the largest provider in the JN it was obligated to deal with jobseekers
according to the rules set out in the contract. This was unlike earlier modes of engagement in the 1890s and 1980s, when The Salvation Army decided where it would deliver employment services, and under what terms (Bolton 1980; Booth 1890; Cleary 1993). These new arrangements represented a substantial change in the way in which relationships are structured between church-related organisations and the people they seek to help.

To minimise the disruption and upheaval resulting from a wholesale competitive tender of all JN services, the government made a decision to offer an ‘Invitation to Treat’ to the highest performing IA and JST providers in the third contracting period (2003-2006) (DEWR 2002b, p.3). This meant that these provider organisations did not have to tender for those high performing sites that were offered a roll over contract.

Again, the relatively high performance of some church-related organisations meant that they were automatically offered a contract in 2003. The success of church-related organisations during the early years of contracted employment services caused some researchers to speculate that the Job Network may end up being divided between religious and for-profit firms, with secular NFP organisations having a reduced role (Abello & MacDonald 2002).

Unlike the two previous RFTs, where JM, JST and IA had been tendered separately, the third tendering round rolled these services into a service continuum (OECD 2012; Thomas 2007). Contracted organisations were required to deliver services that followed a standardised pattern for most jobseekers, the service approach was known as the Active Participation Model (APM) (Finn 2008). Service began with a basic job matching or job placement assistance for the first three months followed by a JST program that required attendance for 15 consecutive days. If jobseekers did not obtain employment within three months they entered into the Intensive Support (IA) phase, which involved increased monitoring of the jobseekers compliance with the eligibility requirements. The continuum required jobseekers still unemployed after six months to undertake a specific mutual obligation activity for a six-month period (Davidson & Whiteford 2012; DEWR 2002a; Thomas 2007).
As well as requiring provider organisations to actively engage with all jobseekers, the APM was also regarded as an exercise in ‘tree shaking’ that was intended to expose jobseekers that were not actively seeking employment (Thomas 2007). The view amongst policy makers was that those jobseekers that were working and not declaring their income to Centrelink would be uncovered through the APM’s intensive activity and compulsory interview regime and their income support payments would subsequently be terminated (Thomas 2007).

The then Minister for Employment, Mal Brough, made no secret of the fact that he believed there were a number of jobseekers not motivated to look for work and consequently they had to be compelled to make more of an effort (Crabb 2002). He was reported as stating:

Let’s call a spade a spade - these are the quintessential dole bludgers, they have no natural barriers to work. If these people think the government will allow them to continue using the system in this way, they have another think coming (Mal Brough cited in Crabb 2002).

The APM was much criticised in some circles as a ‘one size fits all’ approach that did not meet the needs of individual jobseekers (OECD 2012). The Christian-based organisation, the Brotherhood of St. Laurence, argued that the new prescriptive approach forced JN staff to push jobseekers through a regime of activities that did not focus on addressing the real needs of the individual (Ziguras 2004).

The APM continued in the fourth contracting period (2006-2009) with minimal changes to the service delivery approach. However, a number of new welfare to work reforms were incorporated into Job Network in 2006. These included extending activity requirements to new client groups ostensibly to address welfare dependency. Older Newstart recipients who were previously exempt were required to participate in more intensive job searching and parents receiving parenting payments were required to seek work when their youngest child turned six years old. The jobseeker compliance regime was tightened even further and new penalties introduced for those that were found to be in breach of their participation requirements. This meant that payment
would be suspended for eight weeks for serious participation failures (Australian Government 2005).

In 2007, the Australian Labor Party was elected to government and in 2009 the employment services system was further refined to incorporate the changes approved by the new Minister for Employment. Job Network became known as Job Services Australia (JSA) and a new approach to service delivery, known as Stream Services, was introduced (DEEWR 2008). This included four service streams that defined the level of assistance to be provided to different categories of jobseekers, ranging from Stream 1 at the basic level of assistance up to Stream 4 targeting the most disadvantaged jobseekers (DEEWR 2011). However, despite the change in the collective title and the move towards stream services, the essential elements of contracted employment services remained the same.

**Churches concerns over workfare policies**

Church-based agencies have expressed concerns about the punitive aspects of mutual obligation and workfare policies on a number of occasions. Research undertaken by two church-related organisations, the Brotherhood of St. Laurence and St. Vincent de Paul Society, in collaboration with the University of Melbourne, suggested that the mutual obligation regime was failing the most disadvantaged jobseekers (Ziguras, Dufty & Considine 2003, p.43).

The welfare arm of the Uniting Church, UnitingCare Australia, described some aspects of mutual obligation as unacceptable and inappropriate and stated that extending the activity test to people with disabilities was morally repugnant (cited in Maddox 2003, p.5). Murphy (2011b) refers to the unease felt by church groups in 2005 when increased penalties were proposed for the unemployed if they failed to meet their obligations. The Salvation Army at that time stated that suspending welfare benefits was inconsistent with ‘Christian justice’ (Murphy 2011b, p.265). The Brotherhood of St. Laurence (BSL) also noted that the action of reporting jobseekers was out of step with the values and traditions of a Christian organisation (Edwards 2006).
Catholic Social Services argued that the framing of mutual obligation as though it were a law and order issue, requiring enforcement through a punitive regime of sanctions, served to stigmatise and disempower income support recipients (Quinlan 2007, p.6). Father Joe Caddy, a prominent Catholic advocate for the poor, described the approach to enforcing mutual obligation as a harsh and rigorously applied system (Caddy 2004). He argued that the system was likely to exacerbate a sense of exclusion and resentment amongst discouraged jobseekers (Caddy 2004). The St. Vincent de Paul Society in, a submission to government, critiqued mutual obligation and drew attention to some of the structural causes of unemployment:

Mutual obligation is a concept that has concerned the Society for some time. It assumes that people do not want to participate, and need either a carrot or a stick in order to engage in paid work. In that sense, it does not acknowledge the deep structural reasons that unemployment in Australia is high; there are too few jobs for the number of jobseekers; and many people have not been given access to a level of healthcare, education, and housing that would make workforce participation possible. However much we force people to comply with job seeking requirements, it will not change these structural forces of exclusion (St. Vincent de Paul Society 2014).

The welfare reform policy agenda is clearly situated within the government’s economic agenda (Meagher & Wilkins 2014; Whyte 2014). Under this economic agenda the social protection role of the state in the creation of a welfare safety net, is under challenge (Carney 2007). The focus is one that promotes workforce participation rather than the alleviation of poverty (Marston 2014). This has particular implications for church-related welfare services that view social justice and advocacy on behalf of vulnerable citizens as a key scriptural imperative (Berthon & Hatfield-Dodds 2004). The oft quoted biblical injunction from Proverbs 31: 8-9, ‘speak up for those who cannot speak for themselves, for the rights of all who are destitute. Speak up and judge fairly; defend the rights of the poor and needy’, is used to emphasise the need for the church to be the voice of vulnerable people; included in this cohort are the unemployed.
In the early years of contracted employment services, several contracted church-related and community based organisations resisted taking action to report jobseekers who did not meet their obligations, regarding this action as compromising their advocacy role (Eardley 2002). The Salvation Army noted that the organisation had a policy of only reporting jobseekers to Centrelink, or ‘breaching’, as it is commonly known, as a last resort. To illustrate this point, a spokesperson for the organisation stated that the employment services arm had a contract share of 13 per cent and a breach rate of only two per cent of the total recorded breaches (Jones 2001). It was reported that the organisation was troubled that their actions might result in jobseekers losing benefits, hence their comparatively low rate of breach recommendations (Walker 2001).

During this period, the purchaser demonstrated tolerance towards organisations that declared they would not breach jobseekers, particularly if their job placement regime was generally successful (Fowkes 2009). However, as the pace of welfare reform has intensified and the political emphasis on jobseeker’s obligations increased, the purchaser has focused greater attention on this aspect of contracted employment services. This has included instituting measures to ensure that all contracted employment services providers actively monitor the jobseekers compliance.

The rules governing mutual obligation and eligibility for unemployment benefits or Newstart Allowance, as it is known, require jobseekers to register with a contracted employment services provider and agree to undertake a series of activities referred to as participation requirements (Marston et al 2014). Each jobseeker’s participation requirements are recorded in a document called the Employment Pathway Plan (EPP). In summary, these requirements include attending regular interviews with the contracted employment services provider, undertaking training or voluntary work activities, actively looking for work and accepting job offers. If a jobseeker is deemed to be in breach of any of their participation requirements, the provider is required to submit a Participation Report to Centrelink (Disney, Buduls & Grant 2010).

While Centrelink has the ultimate responsibility for deciding whether to apply a sanction to the jobseeker, the contracted employment services provider is nonetheless
required to make the decision to complete a Participation Report when a jobseeker fails to comply with his or her EPP. Indeed, Centrelink ‘draws much of its information about the unemployed from employment providers’ (Carney & Ramia 2002, p.278).

The Employment Services Deed or contract contains specific clauses that pertain to the action that contracted providers must take when a jobseeker fails to attend a compulsory interview, training course or job referral. Non-compliance with these contract clauses places the provider in breach of the funding conditions and could jeopardise their business.

The purchaser’s information communication technology (ICT), known as the Employment Services System (ESS), enables the purchaser to monitor all compulsory appointments. Employment services staff members are required to record any non-attendance of jobseekers in this system by firstly considering whether they believe the jobseeker has a valid reason for not attending the interview, and then recording the appropriate notation in ESS as either “Did Not Attend Valid” or “Did Not Attend Invalid”.

Contracted employment services providers have some leeway in deciding whether or not to submit a Participation Report. They can choose to accept the reasons for non-attendance provided by the jobseeker and use their discretion in being lenient, particularly if they feel the jobseeker is vulnerable and may need additional support to meet their obligations. (In which case, the staff member would record, “Did Not Attend Valid” in ESS.) However, the purchaser closely monitors how providers use their discretion and requires a written justification to be provided to warrant discretion being applied. Often the staff member finds it difficult to articulate a justification to exercise leniency and it is therefore simpler to record “Did Not Attend Invalid”.

Moreover, several commentators have expressed a view that the attitude of contracted employment services providers to Participation Reporting is closely aligned to the financial or profitability strategies for their organisations (Bigby & Files 2003; Considine 2003; Fowkes 2011). Therefore, rather than persevere in their efforts to positively engage jobseekers, it is seen as more cost effective to notify Centrelink that
the person has failed to attend a compulsory interview. Centrelink then suspends the jobseeker’s payment and this is not reinstated until the jobseeker attends an interview. As noted by Fowkes:

> It is a lot cheaper and less time consuming to lodge a Participation Report than it is to visit people in their home or to convince them that attendance is valuable (Fowkes 2011, p.8).

Bigby and Files (2003, p.279) state that, ‘the role of supporting jobseekers in their efforts to find work may conflict with that of policing their activities and could also be further compromised by the organisation’s drive to profitability’. According to Considine (2003) not-for-profits have increased the rate of sanctioning of jobseekers. He asserts that the breaching practices of not-for-profits operating in the employment services field are similar to the approaches adopted by for-profit organisations. In particular, he argues that all contracted employment organisations select strategies to support jobseekers based on the opportunity to maximise their organisation’s financial benefits (Considine 2003).

It has been suggested that the role of policing the unemployed is in conflict with the advocacy mandate of church-related organisations (Finn 2008, 2011; Garland & Darcy 2009). Indeed, these organisations may be seen to be doing the work of the state as opposed to the work of the church in undertaking this function (Evans 2004; Howe 2002, 2004; Murphy 2011b). Oslington (2003) observes that the role performed by church-related organisations in delivering privatised employment services is a fascinating case study of church-state relations. At the very least this constitutes a significant repositioning of the relationship between churches and the state (Cahill et al 2004). While debates about the respective role of church and state have existed throughout Australia’s history, new dilemmas have emerged with the introduction of the tightly regulated government contracts, relating to whether or not church employment services organisations are part of the state or part of the church (Murphy 2011b). These issues are examined in relation to the church-related organisations in this study in chapter 8.
Theories underpinning contractual relationships

Central to my research is the investigation of the way in which the relationships between the various actors within the field have evolved. In particular, the relationships between the church-related organisations and the purchaser. It is instructive therefore to understand the theories that underpin contracting relationships, turning first to principal-agent theory, often referred to as agency theory.

Principal-agent theory describes social relationships that occur when two actors exchange resources. Therefore principal-agent theory can help to explain the behaviour of actors engaged in contractual relationships. The two main parties in this relationship are the principal, being the party that requires a product or service to be delivered, and the agent, being the party that agrees to provide the product or service in return for some form of benefit or remuneration. The principal generally contracts with an agent for reasons of cost, efficiency and expertise (Braun & Guston 2003; Van Slyke 2006).

Ostensibly the principal-agent model should operate in a way that is mutually beneficial; the principal gains by having the product or service delivered and the agent benefits by being remunerated in some way (Braun & Guston 2003). However, principal-agent theory shares similar basic characteristics with those of rational choice theory; specifically that rational actors will strive to maximise their preferences and opportunities (Braun & Guston 2003). Therein lies the potential for the agent to engage in shirking behaviour, requiring the principal to act (Caers et al 2006).

The assumptions underlying agency theory suggest that goal conflicts or goal divergence can occur where the interests of the principal are not the same as those of the agent. In government contracting, clashes may occur as a result of the ‘utility-maximising behaviour of the agent’ and the political and bureaucratic power exercised by the principal in the desire to achieve the end result in the most cost efficient way (Van Slyke 2006, p.162). Moreover, the parties involved have asymmetric information and often the agent acquires information that is not available to the principal, which they can then exploit for their own gain (Van Slyke 2006).
The informational asymmetry problem is evident in two specific actions; these are pre-contractual opportunism, known as adverse selection, and post-contractual opportunism, or moral hazard (Bertelli & Smith 2010; Braun & Guston 2003; Van Slyke 2006; Waterman & Meier 1998). Adverse selection occurs when the contract is initially awarded. The principal is unaware of the organisational characteristics and capability of the agent as a consequence of hidden information. Therefore the principal may choose an agent that is not qualified to provide the contracted services. Post-contractual opportunism or moral hazard involves inappropriate actions taken by the agent that are hidden to the principal. This is likely to occur when the agent is driven by self-interest (Braun & Guston 2003; Van Slyke 2006; Waterman & Meier 1998). The moral hazard problem is exacerbated when the incentives to perform have unintended consequences, causing the agent to behave unethically to maximise their performance (Bertelli & Smith 2010; Guston 1996; Marsh & Spies-Butcher 2009). The principal therefore needs to carefully design the contract and develop monitoring mechanisms to observe these actions (Grossman & Hart 1983).

In a principal-agent approach, the contract will generally include incentives and sanctions intended to limit shirking and the moral hazard problem (Bertelli & Smith 2010; Braun & Guston 2003; Marsh & Spies-Butcher 2009; Van Slyke 2006). The overarching aim is to ensure that the agent’s incentives are aligned to the goals of the principal and the optimal solution is delivered (Braun & Guston 2003). The contract constrains the agent’s choice through the mix of incentives, sanctions and reporting mechanisms (Bertelli & Smith 2010; Braun & Guston 2003; Van Slyke 2006). In a principal-agent approach to contracting, the monitoring of agents is intensified, thereby increasing the cost of contracting for both the principal and the agent (Schillemans 2013). In the case of social services contracting, this has the effect of reducing the pool of funds available for direct client servicing.

The behavioural supposition in principal-agent theory, that the agents will act with guile to further their own interests, creates tension in the contractual relationships (Braun & Guston 2003; Van Slyke & Hammonds 2003; Williamson 1975). These ingrained tensions have the potential to create adversarial or conflict driven relationships (Schillemans 2013). This then exacerbates the informational asymmetry.
problem and creates deep distrust between the key actors (Bertelli & Smith 2010; Schillemans 2013).

Van Slyke (2006) contrasts the principal-agent model of contracting with a stewardship approach. Scholarship on stewardship theory has been developed within the theory of management and has its roots in psychology and sociology (Donaldson & Davis 1991). It was designed to assist researchers in the study of managers motivation; specifically situations in which executives as stewards are motivated to act in the best interests of their principals (Donaldson & Davis 1991).

Stewardship theory has arisen as a counterweight to agency theory as a consequence of the theoretical limitations perceived in agency theory (Davis, Schoorman & Donaldson 1997). In particular, some scholars contend that the utility maximising behavioural assumptions central to agency theory may not hold for all agents (Davis et al 1997; Pastoriza & Ariño 2008; Van Slyke 2006). Van Slyke suggests that stewardship theory has application in social services contracting.

Stewardship theory assumes that stewards are motivated by altruism to achieve social goals and are not driven by self-interest (Davis et al 1997; Dicke 2002; Donaldson & Davis 1991; Schillemans 2013; Van Slyke 2006). In essence stewards are intrinsically motivated to deliver a public good and are driven by higher-level personal values such as trust, discretion, autonomy and mission alignment (Davis et al 1997; Schillemans 2013; Van Slyke 2006). While agency theory assumes goal divergence, in contrast stewardship theory assumes goal convergence by focusing on the shared collective interest between principals and stewards in achieving common objectives (Dicke 2002; Van Slyke 2006).

There are situational factors as well as psychological factors that predispose individuals to act as agents or stewards (Pastoriza & Ariño 2008). The situational factors relate to the operating environment and whether this involves a control oriented management culture or a collectivist culture that encourages the development of shared goals. In stewardship theory, trust becomes the risk orientation, as opposed to the control mechanisms used in agency theory.
Stewardship theory is particularly suited to long-term relationships, whereas agency theory works on short time frames. The objective of agency theory is controlling costs and increasing efficiency. In contrast stewardship theory focuses on enhancing performance to realise the achievement of mutual goals.

Table 1 provides a summary of the main differences between agency and stewardship theory, specifically focusing on the psychological and situational factors that are the antecedents for each theoretical position, taken from Davis et al (1997).

Table 1: Comparison of Agency Theory and Stewardship Theory

<table>
<thead>
<tr>
<th></th>
<th>Agency Theory</th>
<th>Stewardship Theory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model of Man</td>
<td>Economic man</td>
<td>Self-actualising man</td>
</tr>
<tr>
<td>Behaviour</td>
<td>Self Serving</td>
<td>Collective serving</td>
</tr>
<tr>
<td><strong>Psychological Mechanisms</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Motivation</td>
<td>Lower order/economic needs (physiological, security, economic)</td>
<td>Higher order needs (growth, achievement, self-actualisation)</td>
</tr>
<tr>
<td></td>
<td>Extrinsic</td>
<td>Intrinsic</td>
</tr>
<tr>
<td>Social Comparison</td>
<td>Other managers</td>
<td>Principal</td>
</tr>
<tr>
<td>Identification</td>
<td>Low value commitment</td>
<td>High value commitment</td>
</tr>
<tr>
<td>Power</td>
<td>Institutional (legitimate, coercive, reward)</td>
<td>Personal (expert, referent)</td>
</tr>
<tr>
<td><strong>Situational Mechanisms</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management Philosophy</td>
<td>Control oriented</td>
<td>Involvement oriented</td>
</tr>
<tr>
<td>Risk orientation</td>
<td>Control mechanisms</td>
<td>Trust</td>
</tr>
<tr>
<td>Time frame</td>
<td>Short term</td>
<td>Long term</td>
</tr>
<tr>
<td>Objective</td>
<td>Cost control</td>
<td>Performance enhancement</td>
</tr>
<tr>
<td>Cultural Differences</td>
<td>Individualism</td>
<td>Collectivism</td>
</tr>
<tr>
<td></td>
<td>High power distance</td>
<td>Low power distance</td>
</tr>
</tbody>
</table>

*Source: Davis et al 1997*
Although the principal-agent model is the more commonly used approach in government contracting, scholars suggest a stewardship approach may contribute to a closer alignment between the contracted organisation and the goals of government, particularly in the area of social services contracting (Cribb 2006; Van Slyke 2006).

To date, most of the research on the application of stewardship theory to government contracting is associated with contracting arrangements that involve NFP organisations (Van Slyke 2006). Scholars assert that these organisations are prone to act with integrity and are motivated by concern for their clients and in this respect fit the description of stewards (Caers et al 2006; Cribb 2006; Davis et al 1997; Dicke 2002). Moreover, the non-distribution constraint suggests that profit maximisation is not a priority for NFP organisations (Valentinov 2011). The employment services contracting environment includes both NFP and for-profit organisations as agents; this adds an under researched dimension to stewardship theory, to which this thesis contributes.

Pastoriza and Ariño (2008) argue that a key problem with both agency and stewardship theory is that they are seen as static, giving consideration to relationships at a single point in time. In reality relationships are dynamic and the attitude and approach taken by either party can influence whether the other behaves as an agent or a steward (Pastoriza & Ariño 2008). Therefore, a steward can begin to behave like an agent, and vice versa. The relationship between the parties is the major situational factor likely to influence whether agency or stewardship characteristics dominate.

Davis et al (1997) represent how relationships between a principal and a manager are affected in their Principal-Manager Choice Model. While this model speaks to the behaviour of supervisors and their subordinates in the context of an organisational management relationship, I contend this model has application in understanding how relationships might evolve between parties involved in a government contracting relationship. Therefore I have adapted this model to represent the organisational relationships within the contracted employment services system, see figure 1:
When both the purchaser and the provider choose an agency relationship, the resultant principal-agent relationship is likely to achieve the expectations of each organisation. This type of relationship implies that the psychological profile of the provider fits that of an agent who is likely to behave opportunistically and will therefore need to be controlled by the purchaser. This mutual agency approach aims to minimise costs as both parties have a clear understanding of the controls.

A mutual stewardship relationship, however, is designed to maximise potential performance. The provider in this case pursues the same goals as the purchaser and the purchaser in turn empowers the provider to act in according with their mission (Davis et al 1997).

A dilemma occurs because of the possibility that each party may choose a different position. This results in frustration or anger and a subsequent sense of betrayal (Davis et al 1997). When stewards are controlled as if they are agents, they are unlikely to experience the rewards associated with an altruistic motivation. This can in turn cause them to behave less like stewards. These issues are examined in chapter 9, in
reviewing how the relationships between the purchaser and church-related organisations have evolved in contracted employment services.

**Particular principal-agent relationships for church-related organisations**

Church-related organisations delivering contracted employment services have to contend with stakeholders that other contracted organisations need not consider. These include a myriad of internal relationships such as the church hierarchy, local congregations, members of the clergy as well as the other welfare arms within their organisations. These internal relationships add complexity for church-related organisations and need to be factored into the analysis.

Therefore the principal-agent structure becomes more complex for church-related organisations as they are dealing with two diverse principals with potentially different goals (Oslington 2002). At the very least these organisations are likely to experience conflicting pull factors, those stemming from the purchaser and those stemming from the church.

The purchaser as principal has expectations that the church-related organisation will deliver the services in accordance with the contract. In this relationship the principal uses the contract to shape the relationship with the agent.

The parent church organisation also has a role as principal to its church-related service delivery organisations. Although this relationship does not necessarily involve a formal contractual arrangement, there is an implicit contract in that these church-related organisations provide a vehicle for the church to pursue its mission of engaging and assisting disadvantaged people. In this sense the relationship is more appropriately conceived as a steward relationship; however, tensions may emerge if the church-related organisation is seen to deviate from the church’s mission.

Moreover, the informational asymmetry problem found in principal-agent theory may also apply in the context of the relationship that church-related organisations have with the parent denomination. If church-leaders are not actively involved in the day-to-day operations of their employment services, it is likely that there will be
information and actions that are hidden to them. They therefore need to rely on the advice provided by their delegated managers to inform their decisions in relation to these services.

To demonstrate how various contracting relationships operate, Oslington has developed a Principal-Agent Structure model. Oslington’s model describes four different scenarios that might exist for organisations delivering labour market programs to assist the unemployed. In two of the cases illustrated, the church welfare organisation has to deal with multiple principals, see figure 2.

Figure 2: Church principal-agent structure

(Adopted from Oslington 2002, p.21)

In figure 2, the government as principal (P) contracts with church-related welfare organisations 1 and 2 as agents (A) to provide labour market programs directly to the unemployed. These two organisations are also in a principal-agent relationship with the parent church. Not only does this scenario bring an added dimension to the
principal-agent relationship, these two organisations will find themselves competing with each other for government funds.

Church-related welfare organisation 3 does not contract with government. However, it does provide labour market programs to the unemployed through other means. Welfare organisation 4 is a secular organisation contracted to deliver government funded welfare services and therefore is in a principal-agent relationship with government. Although organisations 3 and 4 also deliver services directly to the unemployed, the principal-agent relationship is less complex than that of organisation’s 1 and 2.

The increasing outsourcing of public services to church-related organisations is adding another layer of complexity and disquiet within the internal relationships of churches and their welfare arms. In mainstream denominations, the social service arms of churches are growing while congregations are declining (Herbert 2004; Hughes 2013; Oslington 2012). Some church-related welfare services have become multi-million dollar businesses while at the same time congregations struggle financially (Ferguson 2006; Hughes 2013). This is creating a governance and financial imbalance for churches and shifting the ‘centre of gravity of mainline churches from congregations to social service organisations’ (Oslington 2012, p.1).

As a consequence of the economic power disparity between congregations and church-related welfare services, various denominational bodies are re-examining the relationship between local churches and their welfare arms in an attempt to realise more effective integration of the two (Hughes 2013). Indeed, several of the large church-related welfare organisations are developing strategies to try to engage with church congregations.

The Baptcare Annual Report (2014) refers to developing partnerships with Baptist churches to explore joint mission opportunities. In 2013, Anglicare Sydney advertised for three Partnership Development Officers, to foster the development of partnership initiatives with parishes (Christian Jobs 2013). Indeed, a number of state-based Anglicare agencies operating across Australia have set up a parish partnership program.
to create opportunities for Anglican churches to work with Anglicare (Anglicare 2014). In 2011, the international head of The Salvation Army launched a vision plan for the global Salvation Army in an attempt to bring together the twin elements of the organisation. The new vision statement, One Army, One Mission, One Message, is intended to motivate the congregations and welfare service arms to work in an integrated way to deliver an holistic mission that addresses the physical, material and spiritual needs of their clients (Pallant 2012).

These church groups have recognised the dichotomy that exists between the local church and their denominational sponsored welfare arms. Church leaders in many instances perceive that there is either a need or some benefit to be gained in re-uniting the work carried out by the church-related welfare agencies with the local parishes and congregations.

Church congregations are an important resource for church-related welfare organisations; they can provide access to local volunteers as well as infrastructure such as church buildings. Therefore, forming partnerships with church congregations is seen to assist in facilitating the joint provision of care to disadvantaged people in local communities (Anglicare 2014). These partnership strategies are also seen to be a response to the mission and identity drift concerns being expressed in a number of denominations (Cleary 2012; Hughes 2013). These issues are examined more closely in chapter 3, in the context of institutional change, culture and identity.

Despite efforts to integrate the welfare services and the broader church, some of the professionals employed in church-related welfare organisations have expressed concern about the expectations being placed on them by church officials and the lack of responsiveness from local congregations (Hughes 2013). This specific issue has relevance to the church-related organisations considered in this study.

Oslington (2002) suggests that church-related welfare organisations will need to find ways to manage the expectations coming from government as the principal and also from the parent church as the principal. He suggests that at times the expectations from government might accord with the expectations of the parent church. However,
if there is divergence between the goals of government and the mission of the churches it is likely that tension will arise (Oslington 2002). These issues are examined in relation to the church-related organisations in this study through the lens of principal-agent theory. This includes an examination of the influence of the purchaser in its role as principal, compared to the influence of the parent church in its role as principal.

**Principal-agent problems as they apply in the employment services system**

A key principle in the original contracting arrangement was that providers would be given maximum flexibility to deliver employment services tailored to enhance the employability of individual jobseekers (Abbott 2004). Consequently the incentives within the contract were structured to reward providers who achieved job outcomes, with additional incentives for placing the most disadvantaged jobseekers in work. In the early days of contracted employment services, there was minimal interference by the purchaser in the way in which individual providers designed or delivered employment services (Finn 2008; Thomas 2007; OECD 2001, 2012). The approach was known as a ‘black box’ model, signifying that the purchaser’s main interest lay in the achievement of tangible job outcomes.

However, this approach was seen to exacerbate the informational asymmetry problem described in principal-agent theory. When agents have access to information that is hidden from the principal, they are able to use their information and expertise to act in the best interest of their own organisation, rather than in the best interest of the principal (Braun & Guston 2003; Lane 2013; Van Slyke 2006). This creates the moral hazard problem or post contractual opportunism which gives rise to perverse or dysfunctional behaviour on the part of the agent. There have been a few examples of post contractual opportunism, otherwise referred to as gaming behaviours or system rorting within the employment services contracting environment (Eardley 2003a; OECD 2012).
A perceived moral hazard within the first two contracting periods related to the way in which payment incentives were structured. Given that payments were based on the achievement of job outcomes, the problem of ‘parking’ and ‘creaming’ emerged as a common practice, within the contracted employment services field (Productivity Commission 2002). ‘Parking’ occurs when the employment services organisation neglects to provide services to those jobseekers that may be seen as difficult to place in employment (Burgess 2003; Eardley 2003b; Grubb 2003; Productivity Commission 2002; Struyven 2014; Struyven & Steurs 2005). Conversely, ‘creaming’ is a practice whereby organisations focus their attention on those jobseekers that are most likely to achieve an outcome (Burgess 2003; Fowkes 2011; Grubb 2003; Struyven & Steurs, 2005). These practices were seen to be widespread across contracted employment services organisations and meant that a significant number of jobseekers never received any contact or service from their employment services provider.

When the purchaser becomes aware of what are regarded as perverse behaviours, action is taken to avoid their recurrence. This generally happens by tightening the contractual requirements and/or by applying sanctions to the offending organisations. Hence, the Active Participation Model implemented in the third contracting period was designed to prevent the problem of parking jobseekers by prescribing a specific regime of interviews to be conducted at precise intervals (OECD 2012).

Another example of gaming behaviour involved the manipulation of the Job Seeker Classification Instrument (JSCI) so that jobseekers were given a higher disadvantage ranking than was warranted (OECD 2012). In 2005, several organisations, including two church-related organisations, were accused of inappropriate application of the JSCI that resulted in the reclassification of jobseekers, thereby maximising fee payments to the organisations involved. As a result, these organisations received sanctions and were forced to make significant repayments to the purchaser (Finn 2008).

The Salvation Army was reported to have paid back an amount of $9 million in overpayments and the Uniting Church’s job service was asked to refund $2.4 million in overpayments (Finn 2008; Murphy 2006). A spokesperson for The Salvation Army acknowledged that these overpayments had occurred because of deficiencies in the
application of the JSCI by some staff. He noted that maintaining the organisation’s high standards of accountability that won the trust of the public were critically important to The Salvation Army (Garland 2008). Trust and reputation are important incentives for organisations like The Salvation Army. In a stewardship model these mechanisms can be effectively applied as a tool for ensuring accountability.

Although accepting responsibility for their errors in relation to the JSCI scandal, there was a broad consensus amongst the organisations involved that the inappropriate application of the JSCI had arisen essentially because of staff confusion resulting from an overly complex system (Moult 2015). However, the aberrant behaviour on the part of contracted employment services organisations has the potential to create political problems for the central government. Indeed, Cheryl Kernot as Opposition Spokesperson on Employment Services, frequently raised questions in the Federal Parliament and released media statements claiming that Job Network was flawed and open to rorting (Kernot 2000, 2001).

Moreover, these adverse activities attract significant media publicity when they occur, as evidenced by the series of reports by Linton Besser, a journalist with The Sydney Morning Herald. Besser reported on what he referred to as ‘multi-million dollar job rorts’ (Besser 2011, p1). Following an investigation instituted by the Minister for Employment, it became apparent that a number of employment agencies, including agencies affiliated with the Catholic Church, were exploiting loopholes and falsely claiming certain types of outcome fees (Besser 2012a, 2012b). The ABC’s Four Corners program, The Jobs Game, which went to air in March 2015, also exposed a number of alleged unscrupulous practices within the contracted employment services system including altering records to support fraudulent claims (Besser & Russell 2015).

These types of reports have the effect of reducing public confidence in the contracted employment services system and therefore the purchaser is compelled to act to increase the accountability within the system. It needs to be noted that the purchaser has a choice in dealing with moral hazard or gaming behaviour. One option is to terminate the contract of the offending organisation and thereby send a clear message to the others within the field. A second option is to tighten the rules within the
contract and increase the focus on scrutinising the behaviour of all provider organisations (Considine et al 2011; Rogers 2007; Shergold 2012). In the case of contracted employment services, the purchaser has opted to choose the second option. Thereby applying the assumptions in agency theory to all contracted employment services organisations.

The purchaser has also developed various technologies and mechanisms to monitor the activities of contracted employment services organisations and their compliance with the contract. The primary monitoring tool is the Employment Services System, the mandatory computer system, which all contracted organisations must use (Considine et al 2011; OECD 2012). This sophisticated computer system is used to regulate and facilitate all payments to individual contracted employment services organisations and enables the purchaser to have detailed oversight of all transactions (Finn 2011; Struyven 2014). In addition, the purchaser has implemented a contract compliance regime that includes a program of desk top audits and face-to-face visits to the premises of contracted organisations in order to scrutinise the various transactions involved in delivering employment services.

Over the past 10 years, the contracting environment has become increasingly directive and has moved away from the flexible ‘black box’ model that was a key feature of the first two contracting periods (Considine & Finn 2004; Finn 2008; Jobs Australia 2012; Thomas 2007; OECD, 2012). The contract issued for the 2000-2003 contracting period was a relatively straightforward document containing approximately 50 pages of broad contractual requirements. By the 2012-2014 contracting period, the Employment Services Deed (Deed) or contract had become a complex and lengthy document, comprising 180 pages divided into six chapters of detailed instructions.

In addition to the obligations set out in the Deed, contracted organisations are required to follow the series of ‘guideline’ documents issued by the purchaser periodically. It has been estimated that there are over 3,000 pages of rules governing contracted employment services organisations (The Nous Group 2010). Commonly the contracted organisations have argued that the rules based approach and the micromanagement of services has created unnecessary administrative burdens
resulting in an excessive amount of time being devoted to administrative tasks (Finn 2011). It was suggested in 2007 that up to half the available time was being spent in recording and documenting activities in order to meet administrative and compliance requirements (Finn 2011; Murray 2006). Moreover, an independent panel convened to identify potential improvements in the administration of contracted employment services, made the following observation:

The Panel identified that the Department of Education, Employment and Workplace Relations [the purchaser] has a tendency toward hyper-specification of administrative requirements, a culture of risk-aversion, and a practice of mitigating risk through electronic surveillance of increasing levels of data input, storage and retrieval by providers (DEEWR 2012a, p.8).

The assumptions in principal-agent theory that organisations will exploit opportunities for their own gain can lead the principal to develop a general suspicion of the contracted organisations and their interests (Marsh & Spies-Butcher 2009). The extent to which this has occurred within the contracted employment services system and the impact that this has on church-related organisations is examined in chapter 7.

**Changing market share and the emergence of hybrid organisations**

When the fully contestable contracting of employment services began in Australia, the biggest percentage of business was awarded to Employment National, the corporatised public sector organisation, signifying that the public sector had the infrastructure and capacity at that time to manage a large national contract (Eardley et al 2002; Webster & Harding 2000). As noted this organisation lost its entire contract share at the end of the first contract period, in 2000. While Employment National was instrumental in its own demise, it was because of the capacity and infrastructure of church-related organisations that government was able to terminate the significant contract share held within the realm of the public sector. In this sense the church-related organisations helped to facilitate the government’s privatisation agenda.
For-profit firms were also involved in the early years of Job Network. However, apart from Drake International, most of these organisations were small private recruitment firms or emerging companies that have subsequently flourished as a consequence of winning government contracts. Since 2000, a number of these companies have increased their percentage share of the contracted employment services quasi-market, and for-profit firms are emerging as large organisations delivering contracted employment services across Australia (Jobs Australia 2015).

Over the 15 years of contracting employment services the overall number of contracted providers has decreased significantly. There were over 300 organisations delivering contracted employment services at the start of Job Network in 1998; at the start of the 2012 contracting period this number had substantially decreased to a total 94 organisations (DEEWR 2012b). The announcement of the results of the 2015-2020 tendering process reveals yet a further reduction in the number of organisations delivering contracted employment services to 44 organisations (Jobs Australia 2015).

The number and size of Christian based providers has fluctuated over the entire contracting period and in recent years their market share has declined. In the first employment services contract, The Salvation Army Employment Plus, Mission Employment, Wesley Uniting Employment and various Catholic agencies were awarded contracts. By 2000, these four organisations were amongst the top 10 largest JN organisations and had a combined market share of 32 per cent (Bruttel 2005).

In the 2003 contracting period the Catholic agencies and Wesley Uniting Employment dropped out of the group of the 10 largest providers; the contract share held by The Salvation Army Employment Plus grew to 15 per cent while Mission Employment reduced its market share from 11 per cent to 8 per cent (Bruttel 2005). Following the 2009 tendering round, Wesley Uniting Employment lost even more of its contract; it had to terminate between 400 - 500 staff and The Salvation Army Employment Plus had to cut up to 200 staff as a result of lost market share (Horin 2009; Cooper 2009).

Changes in the way contracts have been allocated, since 2009, makes it difficult to ascertain the exact market share of various organisations. However, I was able to
determine the number of sites each organisation has established and this provides some indication of their relative size. In the 2012-2015 contracting period, 13 Christian based organisations delivered contracted employment services from a total of 360 locations; this represented approximately 16 per cent of the total site locations (DEEWR 2012b).

The number of Christian based organisations has been further reduced in the 2015-2020 tendering process. In 2015 only three Christian based organisations were awarded contracts to deliver services. These include The Salvation Army Employment Plus, Mission Employment and Centacare Employment in Victoria. Combined they have contracts for 159 locations. This represents 9 per cent of the total number of sites (Australian Government 2015).

Table 2 presents a summary of the number of organisations contracted to deliver employment services and the percentage business share acquired by Christian based organisations in the respective period:

Table 2: Christian-based organisation’s changing business share

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of contracted organisations</td>
<td>205</td>
<td>103</td>
<td>116</td>
<td>94</td>
<td>44</td>
</tr>
<tr>
<td>% Business Share</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Christian based organisations</td>
<td>32%</td>
<td>25%</td>
<td>16%</td>
<td>16%</td>
<td>9%</td>
</tr>
</tbody>
</table>


The Christian based organisations The Salvation Army Employment Plus and Mission Employment are still amongst the top 10 largest providers, however, interestingly, Mission Australia has partnered with a for-profit company to deliver contracted employment services. This not-for-profit and for-profit partnership is an example of new hybrid organisations that are being created in the welfare services sector (Billis 2010; Cornforth & Spear 2010; Evers 2005; Smith 2010).
Hybrid organisational forms can include public-private partnerships, sub-contracting arrangements or networks of services combining mixed types of organisations; established either through informal arrangement or formally constituted agreements (Billis 2010; Evers 2005; Smith 2010). Hybridity in essence refers to the mixing of heterogeneous organisational elements of adjacent sectors such as culture, language, modes of operating or action (Billis 2010; Pestoff 2014). Boystown is another religiously based organisation that previously held an employment services contract in its own right and, in 2015, entered into a sub-contracting arrangement with a major, national for-profit company engaged in the delivery of contracted employment services.

Hybridity can occur in church-related organisations when they embrace the language and culture of either government organisations or commercial firms; as a consequence their distinguishing organisational characteristics become obscured (Billis 2010). Rochester and Torry (2010) suggest that the process of hybridisation through commercialisation and professionalisation in some church-related organisations has impacted to the extent that their religious roots are no longer evident and they operate much like their secular counterparts.

**Conclusion**

This chapter has provided a detailed examination of the welfare reform policy context and a synopsis of developments within the contracted employment system, specifically focusing on the period between 1998 and 2014. What began, as a flexible ‘black box’ approach ostensibly to encourage innovation in service development and targeted assistance tailored to the specific needs of individual jobseekers, has become an overly prescriptive and compliance driven contract. This is partly attributable to the heightened focus on jobseeker activation, hence the need to develop contractual conditions that force contracted employment services organisations to closely monitor the activities of jobseekers.
However, another contributing factor relates to the actions taken by the purchaser to counter post contractual opportunism on the part of some contracted employment services organisations. (Specifically the problematic practice of parking jobseekers, found to be endemic in the Job Network by the Productivity Commission in 2002). The result has been a move away from a service model that promoted free market conditions towards increased government regulation and administrative burdens (Thomas 2007).

Moreover, there has been a significant reduction in the number of organisations delivering contracted employment services since these were first privatised in 1998; from over 300 organisations in 1998 to 44 organisations in 2015. It has been suggested that the contraction in the number of providers reflects a desire by the purchaser to consolidate and create a ‘highly-regulated quasi-market’ (Eardley 2003a, p.320). Dealing with multiple agents is problematic for the principal and therefore reducing the number of contracted organisations makes the employment services system easier to manage from the perspective of the purchaser.

An examination of the theoretical concepts that underpin contracting arrangements helps to explain the behaviour of the key actors involved. The dominant method of government contracting involves the principal-agent or agency approach. This assumes that agents will act in their own best interests to maximise their preferences. Principal-steward or stewardship theory has been developed to counterbalance agency theory. Contrasting the assumptions that underpin principal-agent and principal-stewardship theory provides an ideal lens with which to examine how the relationships that church-related organisations have with the purchaser and with their parent denomination have evolved.

While these theoretical frameworks assist in understanding the contractual relationships, I am also interested in investigating the challenges confronting church-related organisations in dealing with the tensions arising from the religious and secular environments. This includes examining aspects of organisational identity, culture and change (Newman 2001).
I discuss these issues in the next chapter drawing on neo-secularisation theory and neo-institutional theory to gain an understanding of the environmental factors that impact on the behaviour, mission and discrete identity of church-related organisations. Neo-secularisation provides insight into the factors that contribute to the process of internal secularisation within church-related organisations (Chaves 1993a). Neo-institutional theory is particularly useful in identifying and defining the processes that shape an organisation’s structure, culture and actions (DiMaggio & Powell 1991).
Chapter 3: Institutional features and the influence of elite actors

Introduction

In this chapter, I focus on the beliefs, culture and identity of religious based organisations and examine some of the religious debates, tensions and challenges that relate to church-related organisations delivering government funded welfare services. Some of the challenges stem from within the church, where religious members of the congregation voice concerns that their welfare arms are becoming increasingly secular, which results in the attenuation of religious identity. Other tensions arise from the secular environment, where the pressures to conform to the rules of the institutional field have the potential to compromise the social mission of the church. Specific challenges associated with the employment services quasi-market create the pressure for church-related organisations to become more businesslike in order to remain competitive.

Neo-secularisation and neo-institutional theory provide the theoretical framework to investigate these issues. Neo-secularisation helps in the examination of the way internal relationships are structured within church-related organisations and in particular how the influence of secular and religious pressures impact these organisations. An examination of neo-institutional theory helps to explicate the relationship between social organisations and their environments (DiMaggio 1998). Examining church-related employment services organisations from an institutional theory perspective provides useful insights into how the behaviour of other actors in the institutional field impacts the identity, culture and behaviour of these church-related organisations.

While neo-secularisation and neo-institutional theory are distinct intellectual traditions they intersect in interesting ways in the analysis of religious based organisations (Swartz 1998). Working together, they provide the ideal lens through which to examine the extent to which religious authority influences the behaviour of the
church-related organisations, compared to the influence of elite organisations within the employment services field. The detail of neo-secularisation and neo-institutional theory as they apply to this research is considered in this chapter.

**Christian mission: internal religious debates**

Maddox (2009) suggests that the discussion of religion within social and political science tends to shy away from theological issues, focusing rather on the institutional or sociological aspects or religion. While the primary role of this thesis is to investigate the institutional and environmental factors that impact on church-related organisations and their delivery of contracted employment services, it is nonetheless important to understand what motivates churches to be involved in the provision of welfare services. To wit, this necessitates an exploration of the mission of the Christian Church. No examination of the Christian mission would be complete without, at the very least, a cursory exploration of the theology that informs this mission. Consequently this section explores some of the scriptural imperatives that underpin the Christian mission.

The teachings of Jesus in the Christian Gospels are a reminder to feed the hungry, provide shelter for the homeless, clothe the naked and visit the sick and those in prison. Matthew 25: 31-46 is a critical passage of scripture in which Jesus discusses these issues and ultimately how the world will be judged. The essential message is that those who care ‘for the least of these’, that is, the poor and dispossessed, are favoured by God and will receive an eternal reward. This biblical text explicitly links the obligation to care for the poor with the Christian experience (Cnaan & McGrew 2005). Many Christians apply this scriptural imperative in caring for those on the margins of society as an expression of God’s love in their own life (Ammerman 2005; Cnaan & McGrew 2005; Pittman & Drumm 2008; Read 1986; Sider & Unruh 2004; Stickland 1986; Unruh & Sider 2005).

Most Christians would agree that the Christian-Judeo scriptures exhort them to care for the poor, to love their neighbour and to welcome the stranger (Birdwell 2013; Jeavons 1994). However, there is much debate within Christian churches about how
the church should represent the Christian mission. Essentially the debate revolves around the putative dichotomy that is created when the Christian mission is described as having two parts, these being ‘word’, or evangelism, and ‘deed’, or social service or social action. There are some within evangelical churches who contend that evangelism must have primacy over social action and others who argue strongly that social action has more relevance and is more in keeping with Christ’s mission than evangelism (Russell 2008; Stott 2008).

Theologians point to the ‘Great Commandment’ and the ‘Great Commission’ as underpinning the mission that Jesus gave to the Church. The ‘Great Commission’ is found in the Gospel of Matthew and is the final message of Jesus to his followers in which he urges them to go and make ‘disciples of all nations’ (Matthew 28:16-20). This scripture emphasises the importance of evangelism or proclamation of the word. The Great Commandment found in the Gospels of Matthew, Mark and Luke, refers to loving God and loving one’s neighbour and is often associated with social action. This arises from the way in which Luke’s Gospel links this commandment to the parable of the Good Samaritan (Luke 10:27). Indeed, the parable of the Good Samaritan is often cited as one of the scriptural injunctions for Christian involvement in social services (Cnaan & McGrew 2005; Cleary R, 2002; Unruh & Sider 2005).

The story of the Good Samaritan essentially tells of a man who, while on a journey from Jerusalem to Jericho, was set upon by thieves, beaten and left for dead. Subsequently a priest and then a Levite (a religious functionary) walked down the road; when they saw the man they crossed to the other side, ignoring his plight. Finally a Samaritan (an outcast to religious Jews in Jesus’ day) journeyed down the road and the Bible states that he had compassion for this man (Luke 10:34). After bandaging his wounds, he takes the victim to the nearest inn and gives payment to the innkeeper to provide appropriate care. The message in this parable is that the Samaritan demonstrated mercy and therefore was the true neighbour. Jesus commands his followers to do likewise, by showing mercy and compassion towards all others (Cnaan & McGrew 2005).
Many religious leaders argue that an integrated response to the Gospels is one that views the Great Commission and the Great Commandment as interdependent (Gladwin 1979; Stott 2008; Needham 1987). This essentially means that in the Christian mission, faith and works, or evangelism and social action go hand in hand (Needham 1986, 1987).

The founders of Christian welfare agencies in Australia had a firm belief in the importance of the integration of word and deed (Swain 2005). Although they saw their work as an outcome of their faith, they also believed that evangelism was an important part of their ministry to the poor (Swain 2005; Murphy 2007). Jeavons (1994) asserts that the integration of faith and works is the essential hallmark of Christian welfare services. He argues that Christian welfare organisations have an obligation to ensure that the services they deliver reflect Christian ideals and beliefs (Jeavons 1994).

While most faith-based organisations delivering welfare services in the United States remain overtly evangelistic, this is not the case in Australia (Swain 2005). The growth of church welfare agencies in Australia primarily as a result of government funding, coupled with the decline in congregations, is fuelling a debate about how the Christian mission should be fulfilled in church-related welfare services (Oslington 2012; Herbert 2004; Hughes 2013).

These often, divisive debates relate to the bifurcation of the Christian mission, specifically the separation of the evangelical and social aspects of the mission. More precisely this often relates to the employment of professional staff to deliver welfare services through a separate agency structure. The increasingly secular way in which these services operate has led to members of the church in some denominations questioning the role and relevance of its welfare arm (Swain 2005).

Young, reflecting on what he regards as the ‘spiritual decline’ and dwindling membership within The Salvation Army as well as the Methodist Church, suggests that this is largely attributable to an intensified focus on the social service activities as opposed to an evangelical focus (Young 2013, p.6).
Within The Salvation Army, the tension between the evangelical and social mission of the organisation, continually spurs internal debate on which aspect of The Salvation Army’s ministry is more important. Davies (2014) a Salvation Army officer writing in a Salvation Army publication quotes the founder of the organisation’s view on the importance of spiritual salvation, suggesting that this is the real mission of The Salvation Army. He argues that while the social work carried out by The Salvation Army is worthwhile, it is not the primary purpose of the organisation. Rather, he asserts that the more critical aspect of the Christian mission is to ‘get people saved for eternity’ (Davies 2014, p.4). Gittins (2014) responds to this argument by stating that ‘saving is a holistic process’ that involves making sure material needs are met and this is done through the welfare work carried out by The Salvation Army (Gittins 2014, p.4).

The head of the Roman Catholic Church, Pope Francis, stated that the Catholic Church is in danger of becoming just another compassionate NGO without spiritual revival and a focus on proclaiming the Gospel of Jesus Christ (Collier 2013). In the Anglican denomination, the welfare agencies are not formally recognised within the church’s General Synod or structure and the existence of these formalised welfare agencies remains a point of contention within the church (Cleary 2006).

Reverend Garner, a minister of the Uniting Church, acknowledges that the two wings of the church still exist and suggests that Christians have a responsibility in articulating how they belong together (Garner 2008). He argues that the division has resulted from one group of Christians whose passion is to lead people into a relationship with God and the other who see their main purpose as caring for the poor and being active in social justice (Garner 2012). He asserts that ‘faith must be expressed in love and service, as well as in word and deed. Salvation is not a private matter; it becomes salt, light and leaven. This was the Gospel that Jesus preached as he went about the cities and towns of his own day’ (Garner 2012, p.3).

Many theologians argue that the separation of the Christian mission into two distinct components; social work and evangelical ministries, has created a duality that is theologically unsound (Beunting 2009; Davies-Kildea 2011; Garner 2012; George 2013;
Sider 1993; Smith 2006). They contend that practical acts of compassion and mercy are deeply spiritual and, alongside evangelism, define the holistic mission (Gittins 2014; Stott 2008). Smith (2006, p.326) notes that Jesus never compares or contrasts ‘the proclamation of the kingdom in word with the deeds of the kingdom’. From the theological perspective of William Booth, the founder of The Salvation Army, the social and evangelical aspects of the Christian mission are ‘joined together like Siamese twins’ and ‘to divide them is to slay them’ (Needham 1987, p.63).

Notwithstanding this, the discourse relating to the Christian mission, across most of the mainline Christian churches in Australia, demonstrates a lack of congruence and agreement on what constitutes the Christian mission. In particular there is limited consensus on how the Christian mission intentions should be manifested in church-related welfare organisations in 21st century, secular Australia.

Divisive dialogue within churches concerning the integration of faith and works or in other words the spiritual and practical aspects of the Christian mission can create tensions between churches and their welfare agencies (Hughes 2013). Moreover, government funding prohibits proselytising; several scholars argue this constrains the evangelical mission of the church. This adds to the suggestion that secularisation is occurring within church-related welfare organisations (Bielefeld & Cleveland 2013a).

**The potential for identity drift**

According to Wittberg (2006) an organisation’s identity should express those features that are central, enduring and distinctive in character. However, she argues that it is possible for an organisation’s identity to become confused and result in ‘identity drift’, particularly if they take on a hybrid of distinct and sometimes incompatible identities (Wittberg 2006, p.59). Church-related organisations are established to pursue the social mission of their church; in addition, as contracted employment services, these organisations acquire a quasi-government role in monitoring the behaviour of jobseekers to ensure that they comply with their obligations. When religious organisations take on multiple, potentially conflicting roles and identities the religious identity is likely to be attenuated (Wittberg 2006).
Bielefeld and Cleveland (2013a) argue that government funding and markets are powerful secularising forces, resulting in some faith-based organisations in the U.S., retreating from their religious identity. Several scholars in Australia have made the same observation. For example Horsburgh (1988) notes that the involvement of religious organisations in delivering services on behalf of government has resulted in the diffusion of their identity. Gregg (2000) contends that the increasing outsourcing of welfare services to religious groups compromises their religious foundations and may result in their religious identity becoming obscured.

Jeavons’ research demonstrates that the way in which church-related welfare organisations express their religious identity varies greatly (Jeavons 1998). There are organisations with religious roots and yet there is nothing about their current operations that mark these organisations as being explicitly religious.

Some religious organisations may be easily identifiable through their name and/or logo (Ebaugh et al 2003; Jeavons 1998). The organisational name might include the word Christian, church or reference to the parent denomination, such as Lutheran Community Care for example. Conversely an organisation may identify strongly as Christian although this may be less obvious from the name the organisation operates under. The Australia based organisation, HammondCare declares itself to be strongly and intrinsically Christian (Judd et al 2012). HammondCare’s mission statement uses overtly Christian sentiment:

> The work of HammondCare is motivated by Christian principles and values expressed in the words and deeds of Jesus Christ. HammondCare believes in the value of all people as made in the image of God and as loved by God. We are therefore called to show the same love, with compassion and respect, for people in need (HammondCare 2014 Website).

Yet unless one is familiar with the work of its founder, Anglican Archdeacon R.B.S. Hammond, it is unlikely that the organisation would be instantly recognised as a
Christian organisation. Similarly confusing is the identity of organisations that may appear to be religiously based through their use of seemingly Christian iconography. A classic example is the Australian Red Cross, which uses a red cross as its emblem. It, however, has no religious affiliation (Australian Red Cross 2014).

Jeavons (1998) recognises that it is not always possible to identify a religiously based organisation simply by their name or logo. Therefore he recommends that researchers should ask the participants of religiously based organisations directly whether they self-identify their organisation as a religious organisation (Jeavons 1998). To demonstrate the point, he cites a survey that was sent to a number of organisations assumed to be religious, included in the sample was an organisation named The Christian Children’s Fund. One could naturally assume that the members of this organisation understand the organisation to be Christian. However, in responding to the survey, the CEO of this organisation stated that The Christian Children’s Fund was not a Christian organisation (Jeavons 1998). This organisation had begun its life as a Christian-based organisation but over time the purposes changed and drifted from the original faith-based orientation. It would seem that this organisation had an identity crisis.

Judd et al (2012) argue that there are many charities in Australia that are experiencing a crisis of identity. They suggest that these charities lack clarity of purpose and in such a state can be easily swayed by various factors, including a desire to grow the organisation for growth’s sake. While they concede that increasing the size of an organisation is important in terms of creating a critical mass, they suggest that if an organisation lacks a clear sense of mission and purpose there may be a tendency to apply for a wide array of government funding contracts and programs that exert pressures on the organisation’s core purpose. This in turn exacerbates the crisis of identity (Judd et al 2012).

The pressure to grow the organisation may have less to do with the desire to expand service capacity and more to do with simply ‘empire building’ and developing a reputation of being a large and influential organisation (Jeavons 1994, p.68). There have been suggestions that this is occurring in church charities in Australia, particularly
since the advent of market-type approaches supported or encouraged by government (Callaghan 2000; Kissane 2003).

Howe and Howe (2012) refer to the extraordinary growth that has occurred in church-related organisations as a consequence of government funding from 1990 onwards. In 2012, UnitingCare NSW/ACT had an annual budget of $600 million, while the remainder of the church in NSW had a combined budget of approximately $45 million (Howe & Howe 2012). The CEO of Mission Australia, Patrick McClure, between 1997 and 2006, stated that as a result of the Job Network program the organisation’s annual budget grew from $40 million in 1997 to $160 million in 2003 (Govorcin 2003).

**The employment of co-religionists: controversial issues**

Judd et al 2012 argue that is critical that Christian charities maintain a firm sense of their religious identity and they ought to be overt in communicating this to government and to the general public. However, some scholars suggest that it is difficult for church-related groups to communicate their Christian mission and identity unless they are able to employ people who share a Christian faith (Canda & Furman 2009; Jeavons 1994; Vanderwoerd 2008; Unruh & Sider 2005).

Many of the larger, religious welfare agencies in particular rely on professional staff, as opposed to religiously motivated individuals to deliver services. Moreover, there is little reference to religious practices in the workplace (Smith & Sosin 2001). Cleary (2012, p.27) argues that an unintended consequence of employing ‘professionals who lack an informed faith position’ has resulted in welfare services drifting away from the religious influences of the church and becoming more secularised.

In Australia anti-discrimination laws prohibit recruiting or excluding potential employees on the basis of religious persuasion (Cahill et al 2004). The grounds for unlawful discrimination vary across states and territories and there are some gaps in the protection offered. For example the New South Wales Anti-Discrimination Act does not make any reference to religion or religious belief as grounds for unlawful
discrimination. This in effect means that, in the state of NSW, it is not unlawful for employers to preference people who are of a specific religious persuasion.

The anti-discrimination laws in Victoria, Western Australia, Tasmania, Queensland, the Australian Capital Territory and the Northern Territory all contain reference to religion or religious beliefs as grounds for unlawful discrimination. Therefore in these jurisdictions it is unlawful to discriminate in employment on the basis of religion, as well as a range of other common grounds. Interestingly, the *South Australia Equal Opportunity Act* does not refer to religion or a religious belief *per se*, rather in regard to religious matters, the Act, refers only to religious appearance or dress. This creates some ambiguity around employment exclusion and/or preferential or unfavourable treatment on the grounds of religious beliefs in this state.

Despite the fact that these laws serve to protect individuals from discrimination on the basis of specific attributes, they have nonetheless proved to be controversial at times. Particularly with regard to the way they are applied in religiously based schools and church-related health and welfare organisations. There are some religious leaders in Australia who oppose their application, arguing that in order to deliver the holistic Christian mission and protect their ethos, organisations should have the right to employ people who share the religious beliefs of the organisation (Bouma et al 2011). Religiously based groups, such as Anglicare Sydney, assert that the practical work they do is underpinned by a Christian faith commitment and therefore they ought to be able to employ staff who can promote that faith (Bouma et al 2011). This view, however, is not shared by all church-related organisations; for example the UnitingCare Commission argues that there should be no exemption in employment on the grounds of beliefs or practices where government funding is provided (Bouma et al 2011).

In the early days of Job Network the issue of employing Christian staff became quite contentious. It was suggested that the church-related organisations were making attempts to discriminate in the employment of staff for their employment services arms (Mulgan 2006). In fact one church-related organisation openly stated a preference for employing those who share Christian values, suggesting that it would
be difficult for people from other religions to affirm these specific values (Maddox 2001; McGovern 2000; Murphy 1999).

This issue resulted in significant media attention and involved the then Minister for Employment, Tony Abbott, who defended the churches and argued that there was no evidence to support the claims of discrimination (Callaghan 2000; McKew 2000; Reynolds 2000; Voyce 2003; Warhurst 2007). However, the NSW Anti-Discrimination Commissioner, Chris Puplick asserted that some people who had been interviewed by church-related employment services organisations had been asked ‘inappropriate questions relating to family arrangements or participation in church and community organisations’ (Callaghan 2000, p.13).

The Human Rights and Equal Opportunity Commission (HREOC) noted that several complaints lodged with the Commission alleged that the selection criteria for employment with some church-related agencies either explicitly or implicitly required applicants to profess the religious beliefs of the employing organisation (HREOC 2000). Various church groups responded to this controversy in the media, affirming their commitment to non-discriminatory employment practices (Callaghan 2000).

The employment of co-religionists or people who share the same religious beliefs in church-related contracted employment services is problematic. Not only and primarily because it is unlawful to discriminate in selecting staff on the basis of religious persuasion, it is also practically not feasible. The ability of churches to recruit suitably qualified personnel from the parent church is constrained as their congregational numbers decline (Frame 2009; Hughes, Fraser & Reid 2012). Oslington (2012) notes that while the senior managers of some church-related welfare organisations are members of or have links to the parent denomination, it will become increasingly difficult for church-related social service organisations to sustain their Christian identity as this generation of leaders move into retirement.

Several researchers assert that the professionalisation of welfare services and the increasing reliance on government funding has led to a decline in the religious focus of church-related welfare services (Cleary 2012; Ebaugh et al 2005; Swain 2005; Oslington
Indeed, it is suggested that often the professional staff employed in church-related welfare organisations object to the interference from the church in matters relating to the provision of welfare services (Campbell 2004; Hughes 2013; Pallant 2012). This is more likely to occur if these professionals view themselves as agents of a government funding body as the principal, as opposed to the church.

**Neo-secularisation theory**

Church-related organisations are confronted with the challenge of maintaining a delicate balance between accountability to their religious heritage and the bureaucratic realities of operating in a modern, secular environment (Vanderwoerd 2004). These pressures can lead to internal secularisation within church-related organisations. Neo-secularisation theory helps to explain how this may eventuate by examining the complex organisational form of church-related organisations and the way in which their internal relationships are structured.

Neo-secularisation theory has emerged as part of the discourse on secularisation in the modern world. Secularisation theory has held a central role in the sociology of religion throughout the history of the discipline. The central tenet of secularisation theory is that as societies modernise, religion becomes less relevant; hence, religion is seen to be in decline (Cormode 1998; Grant, O’Neil & Stephens 2003; Swartz 1998; Warner 2010).

There is considerable debate as to the extent of secularisation (Berger 1999; Bruce 2011; Taylor 2007; Wilson 1982; Yinger 1967). Those who refute the secularisation paradigm argue that secularisation theory is disproved by the persistence of religion (Beck 2010; Demerath & Williams 1992; Dobbelaere 1981; Hadden & Shupe 1989; Howe 2003; Shiner 1967; Swartz 1998; Warner 2010). It is argued that the rise in various religions including the Religious Right in the United States and Islamic fundamentalism throughout the world provides the evidence to dispute the secularisation predictions (Demerath & Williams 1992; Dobbelaere 1981; Howe 2003; Hadden & Shupe 1989; Shiner 1967; Swartz 1998; Warner 2010).
Chaves (1994) presents another perspective; proffering the definition that secularisation is the decline in scope of religious authority. Chaves’ theory builds on the work of Luckmann (1967) and Dobbelare (1981, 1985), who each assert that secularisation can occur on several different levels, these being individual, societal and organisational levels. Dobbelare (1981) uses the term laicization to describe organisational secularisation; this essentially refers to the removal or demise of the clergy or religious authority. Luckmann (1967) suggests that organisational secularisation can be observed in the way religious organisations engage with other sectors in society.

Central to Chaves’ theory is a concept inspired by Weber in his sociology of religion that suggests that religious authority and not religion underpins religious organisations. Chaves advances this concept and argues that a focus on religious authority rather than on religion is more consistent with social theory (Chaves 1994). The positing of secularisation theory as the decline of religious authority, rather than the demise of religion, provides the foundation for the empirical study of internal secularisation (Grant et al 2003).

Chaves (1993a) suggests that a specific problem with secularisation theory is the view that the church is a unitary structure. He asserts that churches operate within a dual structure. The dual structure comprises the religious authority structure, which essentially controls access to religious goods, and the agency structure, which encompasses organisations that are attached to a denomination to deliver a specific service or product. The religious authority structure maintains ecclesiastical control through the clergy and the agency structure is responsible for managing the bureaucratic demands of a modern organisation (Chaves 1993a).

These parallel structures are sociologically distinct. They each perform different tasks and experience different tensions as they operate in separate functional fields (Chaves 1993b). In examining the differences between the two parts of a denomination, Chaves argues that the agency structure has to deal with unstable uncertainties stemming from the involvement with the secular world. He contends that agency structures that are autonomous from the religious authority structures are more likely
to adopt forms and practices that relate primarily to the institutional field thereby creating organisational/internal secularisation (Chaves 1993a).

Chaves contends that internal secularisation becomes an issue of intra-organisational power within religious organisations and therefore it is neither complete nor irreversible (Chaves 1993b). In explicating the church as a dual structure, Chaves focuses on six organisational dimensions and describes how the religious authority structure and the agency structure relate to each dimension. These are presented in Table 3.

Table 3: Religious authority structures vs. agency structure

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Religious Authority Structure</th>
<th>Agency Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orientation toward congregations and individual members</td>
<td>Object of control</td>
<td>Resource base (market or constituency)</td>
</tr>
<tr>
<td>Goal orientation</td>
<td>Internal/religious control</td>
<td>External engagement with the world</td>
</tr>
<tr>
<td>Basis of differentiation</td>
<td>Geographical segmentation</td>
<td>Functional differentiation</td>
</tr>
<tr>
<td>Primary role</td>
<td>Clergy/bishops</td>
<td>Administrators</td>
</tr>
<tr>
<td>Basis of legitimate authority</td>
<td>Traditional/charismatic</td>
<td>Rational/legal</td>
</tr>
<tr>
<td>Primary boundary for scope of authority</td>
<td>Member/non-member</td>
<td>Employee/nonemployee</td>
</tr>
</tbody>
</table>

(From Chaves, Denominations as dual structures (1993a, p.157)

The first dimension in Chaves dual structure features the congregation. The assertion is that the congregation is an object of control for the religious authority structure. Control is enacted through various decrees and actions such as pastoral selection, appointment of clergy, and the enforcement of norms for religious behaviour, doctrines and belief. For the agency structure, the congregation is a resource base providing access to funds, church buildings and/or volunteers (Chaves 1993a).
The second dimension focuses on goal orientation. The goal orientation for the religious authority structure is internal, primarily focused on developing the spiritual discipline and growth of clergy members and congregations. Conversely, the goal orientation for the agency structure is external, pertaining to engagement with clients and other organisations. The third dimension explores the basis of differentiation and for the religious authority this involves geographical segmentation and accounts for the fact that congregations are found in various locations. The basis of differentiation for the agency structure is functional, relating to the specific purpose that brought the agency into being.

The fourth dimension looks at the primary role of each structure. Roles within the religious authority structure include pastors, clergy or bishops, and the primary roles within the agency structure are those of administrators employed to carry out the functions of the agency. The fifth dimension focuses on the basis of legitimate authority, which is categorised as traditional or charismatic in the religious authority structure, and rational-legal in the agency structure. Charismatic authority is based on the acceptance that clergy members have religious insights and a pastoral role in nurturing spiritual development for those within the denomination. Conversely the legitimate authority for the agency structure is rational and established within the construct of employment law.

The sixth dimension focuses on the primary boundary for the scope of authority. In the case of the religious authority structure the scope of authority is between the member and the non-member. In the agency structure the primary boundary for the scope of authority is between the employee and non-employee. The employees of the agency may or may not be members of the denomination and the reporting structure is generally through the CEO or General Manager at the head of agency structure (Chaves 1993a).

The underpinning premise of Chaves’ (1993a) internal secularisation thesis is that religious authority is increasingly losing influence and power in relation to the agency structure. Religious authority is evident and given legitimacy through the language of the supernatural, colloquially known as God-talk (Chaves 1993a; Grant et al 2003).
Therefore the absence of God-talk may suggest that internal secularisation has occurred to some degree. However, Grant et al (2003, p.485) contend that researchers who conceptualise secularisation as ‘declining religious authority have overlooked the capacity of individuals to act as clergy surrogates in secular settings’.

It is not the purpose of this thesis to empirically examine the actual process of secularisation within the church-related organisations in this study. Rather this theoretical framework is used to firstly determine whether Chaves’ dual structure model applies and secondly to examine the extent to which religious authority is evident in the church-related organisations under consideration, either through the day-to-day presence of clergy members, clergy surrogates or expressed through God-talk.

There have been a few studies in the U.S. focusing on the secularisation pressures associated with government funding; notably Vanderwoerd’s comparative case study that explored how two faith based organisations managed the conflicting secular and religious tensions. However, there is a need for further empirical research to investigate how government funding influences church-related organisations (Vanderwoerd 2004). In his study, Vanderwoerd used Chaves’ conceptualisation of secularisation and adapted Jeavons’ (1998) framework to determine the extent to which religion shaped the behaviour of the two faith-based organisations in his study.

Jeavons’ (1998) framework uses an organisational theory approach focusing on seven defining organisational characteristics to determine the degree of religiousness. The first of these seven basic characteristics examines self-definition. This relates to how internal stakeholders describe the organisation, specifically do they identify it as a religious based or a secular organisation? The second characteristic focuses on the religious identity of the organisation’s participants, including staff, clients and other key stakeholders. The third characteristic examines the organisation’s resources and whether these come from religious or secular sources. The fourth characteristic focuses on the religious orientation of the organisation’s goals, products or services. The fifth aspect analyses the role of religion in influencing decision-making processes. The sixth aspect examines power and authority and the extent to which religious
values determine who has the power within the organisation. The seventh characteristic looks at the institutional field and specifically the religious or secular nature of other organisations within the field.

Vanderwoerd’s analysis found that the two faith-based organisations in his study had remained true to their religious identity. He concluded that they had been able to withstand the secularisation pressures associated with government funding because of their deep commitment to the religious heritage of their organisation (Vanderwoerd 2004). In particular in these organisations faith was considered to be a critical factor in all aspects of organisational life and was explicitly expressed in several of the seven organisational characteristics (Vanderwoerd 2004). Although these organisations respected the diverse religious or non-religious belief systems of their staff, nonetheless board members and senior leaders were expected to adhere to religious values. Moreover, the leaders in these organisations saw their mission imperatives as having a Divine inspiration. To them this meant that the mission was immutable as it was mandated by God and not by the organisational leaders (Vanderwoerd 2004).

Jeavons’ model does not provide an explicit definition of a religious organisation. Rather the framework is designed to assist in differentiating religious organisations from those that are purely secular in nature (Ebaugh et al 2003). Jeavons notes that it is difficult to definitively categorise religious organisations as exclusively religious or strictly secular, as most of these organisations sit somewhere on a continuum that ranges from highly religious to strictly secular (Jeavons 1998).

Other scholars have developed similar taxonomic models that explore religious identity and secularisation within faith-based organisations. Monsma (1996) developed the Religious Practices Scale for his study of over 286 faith-based social welfare and educational organisations. This scale ranks each organisation as high, medium or low on a scale that includes various religious attributes such as the religious persuasion of staff, the presence of religious symbols within the facility, voluntary or required religious activities, spoken prayer and other practices that are motivated by the organisation’s religious orientation (Monsma 1996).
Smith and Sosin (2001) in their empirical study of faith-based social service organisations focused on the religious coupling of faith-based organisations and paid particular attention to their institutional environment. They examined various factors that can either encourage or inhibit the degree to which these organisations are linked to elements of faith. Smith and Sosin found that the role religion plays in faith-based organisations varies greatly. However, they observed a common feature in each of the organisations in the study, this being an intentional focus on protecting the dignity and rights of clients in an effort to reduce the stigma often felt by participants of government welfare programs (Smith & Sosin 2001).

Ebaugh et al (2003) examined four broad organisational dynamics in their comparative study of secular and faith-based social service organisations. The four categories include, self-identity and its public expression, organisational staffing and funding, religious policies and practices, and organisational culture. A total of 89 organisations responded to their survey; this included ‘53 agencies that identified themselves on the survey as secular and 32 as religious’ (Ebaugh et al 2003, p.414). This study found that religion was not only evident in those that identified as faith-based organisations but in fact it infused everything that was done in these organisations. In these faith-based organisations there was a view that employing staff that professed a religious faith was an important factor in the fulfilment of the organisation’s mission.

The various taxonomic models used in previous studies to analyse the impact of government funding on faith-based organisations and specifically the degree to which these organisations maintain their religious nature, have been developed in the U.S. and most have been applied in the context of the Charitable Choice legislation. As noted in chapter 1, Charitable Choice was designed to enable faith-based organisations to compete for government funding to deliver welfare programs without having to relinquish their specific religious attributes (Cnaan & McGrew 2005; Ebaugh et al 2003; Vanderwoerd 2008).

I am not aware of a specific taxonomic model that has been developed to examine the religious nature of church-related or faith-based organisations in Australia. Consequently, to examine the religiousness of the church-related organisations in this
study, I concentrate on how religion is explicitly expressed as an observable phenomenon in the organisational name and logo, language, symbols, marketing materials, mission statements and staff position descriptions as well as in the internal discourse of the church-related organisations under consideration. These issues are examined in chapter 5.

**Mission alignment or mission compromise?**

There is a significant body of work that focuses on the dangers of mission drift in organisations delivering services on behalf of government (Bennett & Savani 2011; Considine et al 2014b; Cleary 2012; Gregg 2000; Judd et al 2012; Nevile 2010; Pallant 2012; Productivity Commission 2010; Ryan 1999; Weisbrod 1998; Wittberg 2006). Much of the literature discusses the challenges associated with organisational survival and the propensity of organisations to gradually shift their focus and attitudes to meet the demands of funders (Bennett & Savani 2011; Hughes V, 2009; Ramia & Carney 2003). Over time the original purposes of these organisations can be lost and mission drift occurs (Saunders 2009).

Governments contract with church-related agencies because they value the sense of mission and altruism. There is an expectation that church-related groups will deliver more cost effective and values based services (Abbott 2003, 2004; Evans 2004, Gregg 2000; Oslington 2002). Church-related organisations may in turn tender to deliver government funded services in order to access resources, specifically in areas where there is alignment between the purposes of government and their mission and values (Alford & O’Flynn 2012).

On the face of it, the goals of church-related organisations involved in delivering contracted employment services align with the government’s stated goal to assist jobseekers to find sustainable employment, thereby increasing workforce participation (Vanstone 1996). Church groups who advocate for the unemployed are in agreement with government that employment provides a pathway out of poverty for disadvantaged people. Moreover, it is generally agreed that having a job provides individuals with a sense of purpose and assists in building confidence and self-esteem
(ACSJC 1999; Alley 2014; Birdwell 2013; Good Shepherd 2014). However, there is potential for disagreement between church groups and government in the increasingly coercive and punitive approach towards unemployed that seems to be embedded within government policy (Considine 2001; Stewart 2007).

If church-related organisations are to avoid mission drift when accepting government funding, they need to continually revisit their raison d’être to ensure that there is synergy between the agenda and purposes of government and their church’s mission (Cleary 2012; Judd et al 2012). However, as Vern Hughes (2009) argues, once organisations establish themselves in the contracting regime, managers then tailor their organisation’s mission to maintain this position. Over time the prophetic voice of the church agencies delivering government funded services is weakened and they begin to operate in similar ways to the government departments that they once challenged (Maddox 2001). As a consequence, they find it increasingly difficult to differentiate the goals of government from their own (Maddox 2001).

Church groups involved in the contracted employment services have been criticised as being too close to government. The Salvation Army and Mission Australia in particular were seen as favoured by the Howard administration in receiving lucrative government contracts (Maddison & Hamilton 2007; Phillips 2007). Criticism about church involvement has also come from inside the church. When Job Network first began in 1998, a Catholic Bishop, Bishop Brennan, was quoted as stating, ‘one should ask to what extent is such an activity consonant with the church’s main role of proclaiming the Gospel of Jesus Christ’ (Ormerod 2000, p.428). Ray Cleary (2002), an Anglican priest, suggests that the way the relationship is constructed between government and the church-related organisations contracted to deliver employment services raises important questions for the church and challenges the core mission of church-related organisations. In particular he suggests that their ability to strongly advocate on behalf of the unemployed will be constrained.

Garland, a member of The Salvation Army, asserts that The Salvation Army was being inconsistent with its historical roots in accepting government contracts that require them to report jobseekers and thus tacitly endorsing the ideology of the deserving and
undeserving poor (Garland & Darcy 2009, p.766). In confirming that the organisation’s founder, William Booth, did not accept the dominant discourse of the 19th century concerning the deserving and the underserving poor, the following words of Booth are cited, ‘their miseries are to be their passport to our assistance’ (Garland & Darcy 2009, p.766).

Ormerod, a Professor in Theology, argues that being involved in assisting unemployed people to counter the social evil of unemployment is very much part of the Christian mission; however, he provides a cautionary note regarding the church’s involvement in privatised government services. He suggests there are potential conflicts that could lead to the Christian mission being compromised in what he calls a ‘free market competition model’ (Ormerod 2000, p.435).

Ray Cleary expanded on these issues in an interview on the ABC program, The Religion Report, when he stated, ‘I think we have been seduced into the rhetoric of the market, we have been seduced into the agenda of government, and I ask the question: In whose image are we providing services? Are we providing services in the image of the Gospel and what we believe to be our mandate? Or are we simply now the handmaiden of government, and providing the sorts of services that government believes are appropriate for our community’ (Cleary 1999, p.4)?

The competition for resources and the need to remain financially viable can result in tensions between the social purposes of not-for-profit and church-related organisations and their strategy to maintain funding (Eikenberry & Kluver 2004; Jäger & Schröer 2014). Jeavons notes that the way religious based organisations pursue funds has implications beyond the financial (Jeavons 1994). He argues that there may be instances where the priority in pursuing funding relates more to organisational survival than fulfilling the organisation’s founding vision and purpose. As a consequence the original purpose and mission of the organisation is likely to be compromised (Considine et al 2014b; Dolnicar, Irvine & Lazarevski 2008; Gregg 2000; Jeavons 1994; Oslington 2002; Ramia & Carney 2003; Ryan 1999).
Indeed church-related organisations are in a difficult position and need to adopt more complex, competitive strategies than their for-profit competitors (Ramia & Carney 2003). If they are to achieve their social mission, they need to walk a fine line between adopting management and financial strategies for their ongoing viability while remaining faithful to their fundamental mission of caring for vulnerable citizens and advocating for a fair and just society (Cleary R, 2002; De Carvalho 1994; Howe 2002).

**The impact of market values**

Since the mid-1990s and the introduction of new public management philosophies, the funding environment has been changing in ways that is likely to challenge the dominance of church charities as providers of welfare services in Australia (Howe & Howe 2012). Market type approaches are permeating the welfare services sector and increasingly for-profit organisations are winning contracts to deliver a range of welfare services.

The new quasi-markets that have emerged in Australia, Britain, the U.S. and parts of Europe have provided the incentive for profit motivated companies to reinvent themselves as providers of welfare services (Ryan 1999; Shutes & Taylor 2014). The UK’s version of contracted employment services, which is called the Work Programme, has seen a shift in the type of provider organisations towards larger, multi-national commercial companies, sparking fears that small, NFP organisations are being squeezed out (Gallet et al 2015; Shutes & Taylor 2014). So too, in the U.S. welfare to work programs are dominated by major corporations such as Lockheed Martin and Maximus (Campbell 2002).

Some of these large international, corporate organisations have also received contracts to deliver contracted employment services in Australia. The U.S. based company Maximus entered the Australian privatised employment services quasi-market in 2002 (Horin 2002). Some disquiet was expressed at the time about the effect that a large corporate organisation such as Maximus might have in changing the landscape of welfare service provision in Australia (Horin 2002). In just over a decade, this multi-national company trading as MAX Employment has become not only the
largest contracted employment services provider, but also the largest provider of
disability employment services in Australia (Australian JobSearch 2014). Frumkin and
Andre-Clarke (2000) argue that the entry of for-profit firms into welfare services that
were traditionally the domain of the public or NFP sector is likely to increase the focus
on outcomes and accountability. This involves adopting business processes that have a
strong emphasis on performance monitoring and management (Considine et al 2014b;
Paine, Ockenden & Stuart 2010).

It is suggested that market-based values, with an emphasis on competition, efficiency
and profit, are inconsistent with the Gospel values of compassion, mercy, equality and
concern for others (Edwards 2006; Webster 2002). Indeed, many argue that a market-
based paradigm challenges the traditions and ideology that underpin church-related
organisations (Howe 2002; Cleary R, 2002; Evans 2004; Webster 2002; Winkworth &
Camilleri 2004).

De Carvalho contends that the infiltration of the market model into the community
welfare sector threatens its ability to advocate for social change. He asserts that the
‘community welfare sector is in danger of being seduced by an illusion, of playing Faust
to government’s Mephisto, of selling its soul’ (De Carvalho 1994, p.33). Some scholars
see the new managerialism that accompanies market-type models as a threat to
democratic ideals such as justice and fairness (Orchard 1998; Terry 1998; Winkworth &
Camilleri 2004). Others suggest that democratic citizenship; civic engagement and
public interest are also casualties of the new managerialism and market-type
approaches to delivering public services (Bessant et al 2006; deLeon & Denhardt 2000;
Jayasuriya 2002).

In the market approach, citizens become customers, entrepreneurialism is highly
valued and civic engagement is weakened (deLeon & Denhardt 2000). The assumption
is that the provider organisations are involved in making or selling a product
(Schneider 2006). The relational approach to clients is supplanted by a commercial,
transaction based model, where services provided are given a monetary value
(Backman & Smith 2000; De Carvalho 1994). In the case of contracted employment
services, economic incentives are used to encourage provider organisations to achieve
the desired outcomes of government (Considine 2000a). Essentially this involves the commodification of the unemployed by ‘attaching a financial value to placing them in work’ (Shutes & Taylor 2014, p.205). Shutes and Taylor (2014, p.206) argue that ‘social citizenship has been replaced by ‘market citizenship’.

The discourse on markets, efficiency and profitability has become commonplace amongst NFP organisations and is creating the impetus for organisations in the NFP sector to develop strategies that make them appear innovative, disciplined and businesslike (Eikenberry 2009; Suárez 2011). Although it needs to be emphasised that welfare service markets are not free markets, they are in fact highly regulated competition models in which government retains the primary authority (deLeon & Denhardt 2000). Nonetheless these quasi-markets change the nature of the relationships between the service provider and their clients. Smith and Lipsky (1993) argue that delivering contracted government services requires NFP organisations to become more business-like and this in turn forces them to become more rule bound and focused on the financial aspects of their business, often at the expense of responsiveness to the needs of their clients.

The quasi-market created in the privatised employment services field in Australia is characterised by typical market-type attributes such as competition, commercialism and corporatisation. Organisations are required to demonstrate their competitiveness by achieving the outcomes demanded by the purchaser. Failure to achieve the desired outcomes creates financial instability for these organisations and can ultimately result in a loss of business. In such uncertain environments, organisations have a tendency to emulate the strategies of those organisations that are seen to be more successful within the institutional field. This is evident in the employment services quasi-market in which contracted organisations seem to be becoming more commercially focused in their approach (Considine et al 2014b).

However, embracing business processes does not necessarily translate into more effective work practices or indeed higher performance (Considine et al 2014b). Research conducted by Considine et al (2014b) found that the NFP contracted employment organisations involved in their 2008 and 2012 studies, adopted more
business-like practices during this period, but in the same period were less successful in placing jobseekers into work.

As church-related organisations compete with for-profit organisations they are likely to adopt a corporatist culture and use the methods and language of business management to demonstrate their effectiveness (Howe 2004; Wittberg 2006). Some church-related organisations have expressed concern about the potential impact that competition and commercialisation might have on the traditional values of church-related organisations. Others have embraced the commercial aspects of the quasi-market enthusiastically and have expanded their operations considerably as a result (Howe & Howe 2012). Several church-related organisations are now national organisations with multi-million dollar income streams from government sources. As church-related organisations expand and become centrally managed national organisations, the links to their religious sponsors or parent denomination is likely to diminish (Howe & Howe 2012).

Religious groups have made a significant contribution to social policy development and the delivery of welfare services in Australia. However, the recent trends in welfare provision, including the entry of for-profit organisations and the increasing focus on business imperatives, give cause to ponder the extent to which religious organisations will continue to have an influence in this area. Indeed Howe and Howe (2012, p.313) ask if ‘we are witnessing the end of the impact of religion on the welfare state’. The commercialisation of not-for-profit and church-related organisations, combined with their role in delivering outsourced public services, has the potential to challenge their normative values as mediating institutions within civil society (Alexander et al 1999; Considine et al 2014b).

The trend towards corporatisation and commercialisation in church-related organisations has been strengthened as a consequence of the way in which the formal rules and practices within the contracted employment services have evolved and become institutionalised (Considine et al 2014b; Howe & Howe 2012; Ramia & Carney 2003). The cultural conventions and norms that develop within specific fields privilege certain ways of perceiving and acting on specific issues (Lowndes & Roberts 2013).
Market conventions and logic pervade the contracted employment services environment in Australia; the government contractor is referred to as the purchaser, service provider organisations are allocated a market-share and they describe their operations as businesses.

**Neo-institutional Theory**

Church-related organisations face complex challenges in endeavouring to remain faithful to their religious heritage and traditions while adopting the bureaucratic forms that enable them to compete with other organisations in the field (Demerath 111 et al 1998). There are various institutional pressures that are likely to place constraints on church-related organisations and dictate the way in which they are expected to behave. These constraints, which include the narratives, rules and practices that emerge in institutional fields, are best explained using the lens of neo-institutional theory (Lowndes & Roberts 2013).

Lowndes and Roberts (2013) note that the way in which organisations are impacted by these modes of constraint is an empirical rather than ontological matter. This is an important factor to consider, given that the ontology of the Christian Church as the Body of Christ should differentiate churches from other non-church based organisations (Brown 2013). The Body of Christ, as described in the Pauline epistles, is understood to be the group of believers who join together in acknowledging the lordship of Jesus Christ (Brown 2013).

Neo-institutionalism provides a conceptual tool for understanding the changing nature of organisations and the factors that shape their behaviour. There are various strands of neo-institutionalism that contribute to the study of different influences on organisations; these include Rational Choice Institutionalism, Historical Institutionalism and Sociological Institutionalism (Lowndes & Roberts 2013). Rational Choice Institutional theory focuses on the role of institutions in creating stability and limiting the excesses of agency. Historical Institutional theory examines the historical and institutional context involved in shaping agency (Lowndes & Roberts 2013). The strand I am most concerned with in this study is sociological neo-institutionalism. Sociological
neo-institutionalism emerged in the field of organisational theory and focuses specifically on how actions are structured in shared institutional fields (DiMaggio & Powell 1991; Lowndes & Roberts 2013). This strand of neo-institutionalism challenges the previously held rational choice assumptions about organisations by asserting that the orientation of organisations has as much to do with legitimacy gained through mimicry of other organisations in the field as it does with rational decision calculations (DiMaggio & Powell 1991; Powell & Bromley 2013).

Meyer and Rowan (1977, p.351) first identified issues relating to institutional fields when they focused on how organisations were moulded by what they referred to as ‘institutional rules’ which are the taken for granted approaches to structuring organisations. Institutional rules may also arise as a result of legal requirements and are reinforced through public expectations (Marston & McDonald 2006). These rules are widely promulgated and become templates for the various organisations operating within an institutional field (DiMaggio & Powell 1991).

The success of organisations is dependent on conforming to the institutional rules that are shaped by elite actors in the field such as the state, the professional associations, or dominant organisations (Meyer & Rowan 1977). DiMaggio and Powell built on Meyer and Rowan’s ideas and further developed the concept of isomorphism. Institutional isomorphism describes the pressures that cause organisations operating in the same field to become more alike (DiMaggio & Powell 1983; McKinley & Mone 2003). DiMaggio and Powell’s (1983) seminal work was given the title The Iron Cage Revisited to illustrate the similarities between isomorphism and the threatening constraints depicted in Weber’s ‘iron cage’ metaphor that was a central theme in his work on bureaucracies (Leiter 2005).

There are three specific pressures that create isomorphic change within organisations; these are coercive, mimetic and normative pressures. Coercive pressures occur as a result of organisations needing to conform to government mandates and influences from other powerful organisations, particularly when resource dependencies exist (DiMaggio & Powell, 1983). Mimetic pressures are evident during times of uncertainty and involve organisations imitating the practices of other organisations in the field.
Normative pressures are associated with professionalisation and the efforts of aggregate organisations to develop the methods, conditions and codes that underpin their work (DiMaggio & Powell 1983).

Institutional fields are comprised of organisations that share a common institutional life, purpose or structure. According to DiMaggio and Powell (1983) there is no *a priori* determination of what constitutes an institutional field, rather these fields only exist to the extent that they are institutionally defined. The environment occupied by contracted employment services organisations can be categorised as an institutional field as this is institutionally defined as the employment services sector. In established institutional fields, the institutional rules, processes and practices become embedded as the expected norms for all organisations in the field.

When organisations first commence operations they display considerable diversity and heterogeneity; however, as the institutional field becomes established, convergence and homogeneity become increasingly apparent (DiMaggio & Powell 1983). Actors in the field see potential gains in the maintenance of the institutional fields and therefore require new entrants to the field to abide by the widely accepted institutional rules and practices. The persistence of these institutional practices becomes self-sustaining and henceforth structures and behaviours become institutionalised (DiMaggio & Powell 1991). Powerful agents are able to maintain control through the prevailing systems and rules (DiMaggio & Powell 1991; DiMaggio & Anheier 1990).

Conforming to the rules and practices of their institutional field helps organisations to gain legitimacy (DiMaggio 1998; Fligstein 1991; Galaskiewicz & Wasserman 1989; Scott & Meyer 1991; Zucker 1987). While this improves the chance of survival (McKinley & Mone 2003), DiMaggio (1998) contends that compromises may have to be made and this has particular implications for religious based organisations. He argues that the pressures to conform to the practices in the institutional field may in fact cause religious organisations to act in a way that is inconsistent with their doctrines and beliefs (DiMaggio 1998). Indeed, as Chaves observes, the pressures from the institutional fields can create the propensity for internal secularisation to occur in these organisations.
Bretherton (2010) suggests that the pressure to conform does not come only from external forces, but rather from the perceived need within church-related organisations to mimic what are seen to be the successful models embraced by the leading organisations in the field. When one part of the church changes or mimics its secular counterparts, this can result in disagreement or confusion regarding core mission within the broader church (Wittberg 2006).

Smith and Sosin’s (2001) study of faith-based organisations suggests that there are three significant elements that shape an organisation’s actions. These three elements are similar to isomorphic pressures described by DiMaggio & Powell (1983). They include (1) resources, in particular the source of the organisation’s funding; (2) authority or the main source of control; and (3) culture, which they suggest is likely to be influenced by the other organisations and groups that staff within church-related organisations interact with and relate to (Smith & Sosin 2001). Smith and Sosin assert that an examination of the sources of resources, authority and culture will reveal the extent to which a church-related organisation is linked or ‘coupled’ to the parent denomination. For example the dominance of government funding in church-related organisations is likely to result in a loose coupling of these organisations to the parent denomination (Smith & Sosin 2001). Government funding places expectations on contracted organisations and this draws them closer to the requirements of government, without having regard for the distinctive religious values that motivate church-related organisations (Frumkin 2000). Therefore, being reliant on government funding is likely to reduce the autonomy of church-related organisations and ultimately affect their ability to retain distinguishing features (Frumkin 2000; Gregg 2000; Hiemstra 2002; Netting 2004; Ramia & Carney 2003; Smith & Sosin 2001; Winkworth & Camilleri 2004).

The pressure to comply with the rules and norms of the institutional field creates similarity amongst the organisations operating within the same field (DiMaggio & Powell 1983). The significance of this for church-related organisations means that they are likely to begin to resemble their secular counterparts and results in the loss of their distinctive attributes (Frumkin 2000; Wittberg 2006).
Some scholars, however, suggest that the overly deterministic view posited by institutional isomorphism is somewhat pessimistic and ignores the agency that can be exercised by individual managers (Pallant 2012; Warburton & McDonald 2009). Leiter (2005) asserts that isomorphism is not a foregone conclusion. To illustrate this point he cited several studies where organisations had withstood the pressure to homogenise; including Skoldberg’s (1991) study of the Swedish higher education system, Scheid-Cook’s (1992) study of community mental health centres, the study conducted by Lune and Martinex (1999) focusing on community development credit unions and Barman’s (2002) study of two NFP organisations in Chicago. Each of these studies demonstrated that the organisations involved remained heterogeneous in spite of institutional pressures.

There is a significant body of work that examines the institutional isomorphism hypothesis in the context of government funded religious welfare service organisations in the U.S. (Ebaugh et al 2003; Jeavons, 1994; Netting 2004; Smith & Sosin 2001; Vanderwoerd, 2004; Wittberg 2006). While these studies note that religious organisations delivering government funded services are confronted with pressures that can result in secularisation within these organisations, the findings in relation to the extent of isomorphism is mixed (Vanderwoerd, 2004, 2008; Ebaugh et al 2003).

Wittberg’s (2006) study of religiously based organisations within the health, education and welfare sector found definite evidence of isomorphism occurring in each of these institutional fields. She noted that isomorphic pressures shaped the way faith-based universities, hospitals and social welfare agencies operated and was a key factor in the attenuation of religious culture within these organisations (Wittberg 2006). Conversely studies conducted by Monsma (1996) and Vanderwoerd (2004) suggest that religiously based organisations are able to withstand isomorphic pressures and maintain their unique mission and goals, provided they have a clear sense of their God given mission and the will to carve their own path.

Pallant (2012) too argues that isomorphism need not be inevitable, emphasising that church-related organisations are able to shape the character of their organisation. He
asserts that this is more likely if a connection to the faith aspects of the church is maintained. However, if the connection to the religious elements is tenuous, it is likely that church-related organisations will lose their Christian identity and distinctiveness (Pallant 2012). These issues have relevance in my study, specifically focusing on the extent to which the church-related organisations under consideration are connected to faith elements such as church congregations. This is examined in chapter 7.

Although isomorphic pressures apply to all organisations operating within the employment services field, the challenges confronting church-related organisations may be greater. They may be confronted with competing expectations from the institutional field of employment services as well as those from the parent church or denomination (Wittberg 2006). There are a number of scholars who assert that the institutional changes resulting from isomorphic pressures can ultimately cause the attenuation of denominational ties to the extent that church-related organisation can no longer be regarded as religiously distinctive (Cleary 2007; Coleman 2001).

Frumkin notes that neo-institutional theory, while a useful tool in the study of organisational behaviour and change, is yet to be expressed as ‘an explicit management theory’ (Frumkin 2000, p.208). He argues that the development of such a theory, drawing on the lessons learned from neo-institutional theory, is essential to create conditions that will prevent church-related organisations and other NFPs from succumbing to the pressures of isomorphism and bureaucratisation (Frumkin 2000). To this end he has outlined an approach that he refers to as ‘pluralistic autonomy’, designed to protect the autonomy of NFP activity (Frumkin 2000, p.208).

The key strategic elements in Frumkin’s model include developing a deeper appreciation of the power differential between government funders and the contracted organisations; taking a new approach to accountability; and making a conscious effort to reward organisations that express their values through program innovations (Frumkin 2000). Frumkin argues that at the heart of new approaches ought to be the recognition that NFP organisations could have a significant role in developing optimum program responses when the environment fosters independence and innovation (Frumkin 2000). This is particularly significant in the current social
services environment in Australia, where governments are grappling with ways in which to address ‘wicked’ social problems such as intractable long-term unemployment.

DiMaggio and Powell (1983) suggest that where governments contract with private organisations to deliver social services, new approaches to inter-sectoral coordination need to be developed to specifically encourage innovation and heterogeneity. If the desire amongst policy makers is to create diversity and choice for clients of services, having an understanding of the forces at play in institutional isomorphism might facilitate the development of new modes of contracting that create the opportunity for diverse service models to develop rather than creating homogeneity amongst service providers (DiMaggio & Powell 1983, p.158).

**Conclusion**

In this chapter I have provided a detailed explanation of how neo-secularisation and neo-institutional theory assist in examining the central research question relating to the impact that environmental factors have on the behaviour, mission and discrete identity of church-related organisations delivering contracted employment services.

These theoretical frameworks enable a close examination of several different aspects of church-related organisations delivering these services in Australia. Religious authority and identity is examined through the lens of neo-secularisation theory and focuses on the role of religious authority in maintaining religious influences within their employment services agencies. I utilise neo-institutional theory to examine the influences stemming from the institutional field. This includes an analysis of the extent to which church-related organisations are able to differentiate their service provision from that of other contracted employment services organisations.

In the next chapter, I present the methodology selected for this inquiry. I demonstrate how I engaged directly with church-related welfare organisations in order to better understand their approach to social welfare.
Chapter 4: Methodology

Introduction

Qualitative research design begins with a question that is motivated by intellectual curiosity (Janesick 2003). Having spent much of my professional career working in employment services, including as the CEO of a church-related organisation between 1998 and 2003, I am curious about how church-related organisations manage the competing tensions arising from the religious and secular environments. This intellectual curiosity led to this investigation on how the employment services contracting environment has impacted the behaviour, mission and discrete identity of church-related organisations, particularly given the increasingly prescriptive nature of the contract and the intense competition to ensure organisational survival.

The posing of my research question in the form of ‘how’ these organisations are impacted by contemporary events, led me to consider a case study design for this inquiry (Yin 2014). Indeed, Yin suggests that a case study design is particularly useful when researching ‘why’ and ‘how’ questions. This research project involves a collective case study comprising four church-related organisations that have been delivering contracted employment services in Australia for at least the past 10 years.

In this chapter I explain the research methods chosen for this study, the primary and secondary data sources, the approach taken to data analysis and the rationale for selecting the specific Christian-based cases. Semi-structured interviews with key informants and interviewees provide a rich data source in my investigation of complex phenomena. This qualitative data focuses on the actual experience of individuals working in church-related organisations and helps to identify their perceptions, assumptions and in particular the meanings they place on the events occurring within the employment services field. The data from the interviews was triangulated with data derived from a content analysis of key organisational documents, as well as public policy documents and ministerial announcements.
The case study method

A case study involves a comprehensive and intensive investigation of a particular problem or condition (Jocher 2007). Stake (2003) refers to three different types of case study. An intrinsic case study is undertaken to gain an in-depth understanding of a particular case. An instrumental case study is used to develop ‘insight into a specific issue in order to redraw a generalisation’ (Stake 2003, p.137). A collective case study is ‘an instrumental case study extended to a number of cases’ (Stake 2003, p.138). In a collective case study, a particular phenomenon or general condition is investigated in order to gain a better understanding and new insights. This in turn may lead to more effective theorising about specific phenomenon.

I chose a collective case study design for this research project so that I could undertake a detailed examination of complex phenomena including internal secularisation focusing on religious mission and identity, institutional change and isomorphic pressures, and intricate relationships (Yin 1994, 2014). Moreover, this study is instrumental in that the cases in this study enable me to focus on the issues that have emerged in other research and in so doing extend the literature on contracting (Stake 2003).

I am interested in the way in which the purchaser manages the relationship with the contracted organisations and how this impacts on the way church-related organisations view their contribution in the social welfare field. Agency theory and stewardship theory provide the theoretical foundations to examine contractual relationships and form the key unit of analysis in this research.

The implied message in the political statements that encouraged the involvement of church groups in the outsourcing of public employment services was that the mission of the churches accorded with the goals of government. The underlying theme was that churches were regarded as stewards. Therefore it was reasonable to expect that a principal-steward relationship would emerge between government and church agencies. While this appeared to be the case for the first two contracting periods, the increasing contract prescription and microscopic monitoring that has evolved from 2003 onwards suggest a shift towards a principal-agent approach to contracting.
My hypothesis is that while the rhetoric from government suggested that church-related organisations contracted to deliver employment services were viewed as stewards working collectively with government to achieve the social goal of reducing the effects of long-term unemployment; in effect the main agenda for government was the privatisation of the public employment service and the churches helped to facilitate this agenda. Although these arrangements initially seemed to suit church-related organisations, my proposition is that the pressures inherent within the contracting environment serve to compromise their distinctive mission and attenuate the links these organisations have with the broader church.

Agency theory helps to explain the behaviour of the purchaser towards the church-related organisations in this study; however, there are other issues impacting on these organisations, such as identity and culture that draw my interest in this study. These issues are therefore considered through the lens of internal secularisation and neo-institutional theory specifically focusing on the phenomenon of isomorphism.

Internal secularisation and isomorphism intersect and can be observed in the way in which church-related organisations adapt to external environmental pressures. In considering internal secularisation, I examine whether Chaves’ (1993a, 1993b, 1994) dual structure model applies in the way these church-related organisations operate and the extent to which religiosity is demonstrated in the cases under consideration. This includes an investigation of how religion is explicitly expressed as an observable phenomenon in the organisational name and logo, language, symbols, marketing materials, mission statements and staff position descriptions.

Neo-institutional theorists argue that the presence of isomorphic forces within institutional fields create pressure for organisations to operate in similar ways, thus creating homogeneity. The existence of isomorphic pressures is likely to create the propensity for church-related organisations to become more like their secular counterparts. If religious identity is restrained and church-related organisations resemble secular organisations, an important question for church leaders to ponder is: What in effect makes these organisations Christian?
An instrumental case study method enables me to closely examine all of these issues from the perspective of those currently involved in either managing or delivering contracted employment services. The case study method is particularly suited to gaining an understanding of social relationships, the experience of the actors involved and the meanings they ascribe to these experiences (Hamel 1993).

I chose three different groups of respondents to gain a better understanding of how the social actors in this study define, develop, construct and analyse their involvement in delivering contracted employment services. I was interested in examining their different perspectives and perceptions in relation to the way the contracting environment impacts on church-related organisations. The three groups comprised senior managers, frontline staff and church leaders.

While focus groups might have assisted in a general discussion of some of the broader themes I wanted to canvass, this option was dismissed as logistically problematic. The various groups of respondents were situated in geographically diverse locations and I considered it more effective and efficient for me to travel to the various locations, rather than asking the different groups of individuals to congregate in one location. Moreover, individual interviews provided for a greater degree of confidentiality for participants. This was considered to be particularly important given the nature of the line of inquiry. I wanted to ensure that interviewees felt comfortable in expressing their views openly and candidly.

I chose semi-structured interviews as a preferred method, rather than structured interviews. Semi-structured interviews provide the opportunity to undertake an in-depth conversation with individual stakeholders while staying focused on the key issues I wanted to investigate. According to Gillham (2000) if they are well done, semi-structured interviews can be the richest source of data.

Yin (2014) notes that in case study research, interviews tend to resemble conversations guided by a fluid set of questions. A broad set of questions was developed for the three separate groups of interviewees and these are presented in
Appendices 1 - 3. I used open and closed questions to guide each series of interviews, some questions were common to all three groups and others were directed at specific interviewee cohorts. Not all questions were asked in the same sequence as in some of the interviews, the general conversation provided rich data that went to the heart of my central research question.

Research design

This collective case study includes four church-related organisations delivering contracted employment services in Australia. The research design uses an ethnographic approach focusing on multiple sources of data including semi-structured interviews with a range of interviewees as well as key informants as the primary data source, corroborated with a brief historical review of each organisation’s involvement in delivering employment services, documentary analysis of key organisational documents as well as government reports and field observations, which included my participation in staff induction seminars.

Selection of cases

The cases in a collective case study should enable the researcher to examine specific phenomena (Stake 2003). In selecting the cases for this study, I was careful to choose organisations that provided the opportunity to study all three phenomena, these being internal secularisation, isomorphism and the nature of intricate relationships. I used a purposive strategy to ensure the relevance of each organisation to the research question (Schwandt 2007). Stake (2003) suggests that using a purposive sample of cases will build variety and provide opportunities for intensive study. I decided to include four organisations in this collective case study, firstly because I believe that this number provides the opportunity to study the generalizability of the cases that might in turn be applied to church-related organisations delivering other types of welfare services. However, I am also interested in observing particularity and therefore specifically chose cases that have different origins and governance structures.

The study commenced during the 2012-2015 employment services contracting period. Before selecting the four case study organisations I firstly identified all the Christian
organisations delivering contracted employment services in Australia in 2012. I confirmed that there were 13 Christian based organisations delivering these services (DEEWR 2012b). These organisations were identified either directly through the parent church or through the peak bodies representing the various church networks, i.e. Anglicare Australia, which represents agencies of the Anglican Church, UnitingCare Australia; the Uniting Church’s community services national body and Catholic Social Services Australia. I then examined various characteristics pertaining to the Christian organisations delivering employment services, including denominational affiliation, length of time delivering contracted employment services and the number of service delivery outlets.

Christian-based welfare organisations in Australia are either non-denominational or part of an established Christian denomination. In this research I focus on religious welfare organisations that are part of an established Christian denomination. I am interested in how these organisations manage the dual accountabilities to the secular and religious authority structures, the connection that they have to the broader denominational structure and how they manage the risk of mission and identity drift often associated with government funding. The application of a denominational characteristic eliminated two non-denominational Christian based organisations from the pool of 13.

I am also interested in examining how the contracting environment has evolved over the past decade and how those working in church-related organisations perceived the role of the purchaser over that period. Therefore only those church-related organisations that had been delivering contracted employment services for at least 10 years were included in the selection pool. This reduced the number of church-related organisations that met my selection criteria to nine.

Finally I wanted to select cases from different denominations to undertake a comparative analysis of the involvement and influence of the religious authority structure in the day-to-day operations of the church’s employment services arms. I am specifically interested in observing the importance given to religious practices and the
expressions of religiosity. Six of the remaining nine church-related organisations were Catholic and three were from the Protestant tradition.

I selected two Catholic organisations and two Protestant organisations based on their size and location. For example, I included a large national organisation, a medium sized organisation providing services in rural and regional locations, a small organisation delivering services in a metropolitan area only and an organisation that delivered specialist services to a specific cohort of jobseekers.

To provide anonymity, each organisation is given a fictitious name for the purpose of this research. It is anticipated that attaching specific names to each of the four organisations will provide ease in reading the comparative analysis sections within the thesis. While this thesis aims to protect the anonymity of the organisations in this study, it has been necessary to select fictitious names that illustrate specific organisational characteristics to support the argument relating to religious identity.

Therefore care has been taken in selecting organisational pseudonyms that reflect the attributes relating to religiosity that are discussed in detail in chapter 5. A general description of each of the selected organisations, together with the rationale for attributing the fictitious names, is as follows:

- Organisation 1 is referred to as YouthAssets and is a mission-based organisation delivering a range of welfare services across three states in Australia, predominantly focusing on providing services to disadvantaged young people. There is no reference to religiosity in the actual name of this organisation.

- Organisation 2, or ConcernLink as it is known in this thesis, operates in one state in Australia and provides a variety of services aimed at addressing the needs of single people and families. While ConcernLink is attached to a major Christian denomination in Australia, there is no evidence of the organisation’s religious affiliation in the organisational name.
• Organisation 3 is referred to as GospelWorks in this thesis. This organisation is the employment services arm of a Christian denomination delivering employment services from multiple sites in several states across Australia. The name of the denomination is included in the organisation’s trading name and therefore its religious identity is conveyed in its actual organisation name. Hence the chosen pseudonym implies religious overtones.

• Organisation 4, or Faithplus as it is known in this thesis, is connected to a Christian church and delivers employment services from several regional locations within Australia. The organisation’s name contains reference to its religious identity. The selected pseudonym implies a religious orientation and has been chosen to reflect the fact that this organisation does not hide its religious identity and its actual name suggests that there is a link.

Three of the church-related organisations were selected because they are situated within a church structure that includes parishes/congregations and other church-related welfare services. This will enable an examination of the extent to which the activities of the contracted employment services arms are integrated with the activities of the congregations and other church-related welfare services. Two of these organisations, ConcernLink and GospelWorks operate within a hierarchical church organisation framework. While these two organisations come under the direct control of the church hierarchy, separate boards or councils have been established to facilitate the administration of their welfare operations.

In Faithplus, the contracted employment services arm constitutes one of many welfare services established by this denominational church. It is important to note that in Faithplus the welfare services have been sponsored by the church congregation and therefore technically operate within the local church organising and governance structure.

The other religiously based organisation in the study, YouthAssets, while still a part of a religious denomination, is considered to be a missional organisation. It delivers a range of education and welfare services, primarily to young people. In the contracted
employment services system this organisation is categorised as *Specialist Youth Provider*. YouthAssets has its origins in a Religious Order and its governance framework means that this organisation does not have a direct relationship with local congregations. This organisation will serve to compare and contrast the findings from the other three organisations in the study; specifically the way in which relationships are developed with the broader denomination and other parts of this missional organisation, and whether being a specialist organisation makes a difference in contending with isomorphic pressures.

In summary, the selection of cases for this collective case study has been methodical and robust and involved significant analysis of all potential church-related organisations, before settling on the final four organisations who agreed to participate in this research.

Figure 3 presents an overview of the structure of the relationships between the four church-related JSA organisations selected for this study and their sponsoring denomination. As described above, unlike ConcernLink, GospelWorks and Faithplus, the CEO of YouthAssets does not have a direct relationship to local church hierarchy.

Figure 3: Principal-agent relationships for the four organisations in this study
Selection of interviewees

The selection of interviewees involved a direct approach to a key informant in each organisation to discuss the parameters of the study and seek assistance in setting up interviews. In two of the organisations, Faithplus and GospelWorks, I first approached the church leaders to gain their support for this study. In the other two organisations, YouthAssets and ConcernLink, I approached a senior manager in the first instance. I asked to interview at least one church leader, the two most senior managers responsible for contracted employment services, and several frontline staff members from each of the four church-related organisations.

This research project received ethics approval form the Social and Political Sciences Human Ethics Advisory Group at the University of Melbourne on 11 September 2013 (Ethics ID: 1339243). The interviews were conducted between 14 October 2013 and 20 December 2013. Each interview took place in a private office within the premises of the case study organisations and lasted for approximately 30 minutes. A total of 48 interviews were conducted, this included six church leaders, eight senior managers and 34 staff working in frontline positions such as employment consultants, business development consultants or job placement consultants (see Table 4).

Table 4: Overview of the interviews conducted

<table>
<thead>
<tr>
<th></th>
<th>Church leaders</th>
<th>Frontline staff</th>
<th>Senior Managers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouthAssets</td>
<td>1</td>
<td>9</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>ConcernLink</td>
<td>2</td>
<td>10</td>
<td>2</td>
<td>14</td>
</tr>
<tr>
<td>GospelWorks</td>
<td>2</td>
<td>7</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>Faithplus</td>
<td>1</td>
<td>8</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6</strong></td>
<td><strong>34</strong></td>
<td><strong>8</strong></td>
<td><strong>48</strong></td>
</tr>
</tbody>
</table>

Selection and profile of senior managers and frontline staff interviewees

Two senior managers from each organisation agreed to be interviewed. Table 5 provides general information about the eight senior managers that were interviewed, including the role occupied and length of experience with the current organisation.
### Table 5: Senior Manager profile information

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Role</th>
<th>Length of time with current organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouthAssets</td>
<td>CEO</td>
<td>23 years</td>
</tr>
<tr>
<td></td>
<td>General Manager, Employment Services</td>
<td>19 years</td>
</tr>
<tr>
<td>ConcernLink</td>
<td>Executive Director</td>
<td>23 years</td>
</tr>
<tr>
<td></td>
<td>Director, Employment Services</td>
<td>2 years</td>
</tr>
<tr>
<td>GospelWorks</td>
<td>Executive Director</td>
<td>1 year</td>
</tr>
<tr>
<td></td>
<td>Operations Manager</td>
<td>1 year</td>
</tr>
<tr>
<td>Faithplus</td>
<td>General Manager</td>
<td>12 years</td>
</tr>
<tr>
<td></td>
<td>Operations Manager</td>
<td>13 years</td>
</tr>
</tbody>
</table>

The CEOs and operations managers/directors interviewed as part of this study have generally occupied their position for at least 10 years or more. There were three exceptions, these being the Executive Director and Operations Manager in GospelWorks, who had each been in their respective roles for a period of one year at the time of interview, and the Director Employment Services in ConcernLink, who had occupied this position for two years. Therefore the comments from these three managers related to the 2012-2015 contracting environment only.

In selecting the frontline staff to be interviewed, I asked a senior manager from each of the four church-related organisations to directly nominate a representative sample of staff members involved in direct service delivery to either jobseekers or employers. Each manager was asked to identify between 7-10 frontline staff that might be interested in participating in this study. The aim was to construct an interview group that included frontline staff from diverse operational sites, different age and gender cohorts and with varying levels of experience. Once the group of potential interviewees was established, the senior manager made the initial approach to frontline staff members to invite them to participate and establish the interview times. Each interviewee was asked to sign an interview consent form and was given a statement that provided an overview of the research project. Table 6 provides a gender breakdown of the cohort of frontline staff members interviewed.
Table 6: Gender of frontline staff

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouthAssets</td>
<td>1</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>ConcernLink</td>
<td>3</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>GospelWorks</td>
<td>3</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Faithplus</td>
<td>0</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7</strong></td>
<td><strong>27</strong></td>
<td><strong>34</strong></td>
</tr>
</tbody>
</table>

The final criterion in selecting the frontline staff members as participants in this study was to include people working in different employment services sites. The intention was to gain a wide variety of views and avoid encountering a group think mentality that might eventuate if the interviewees worked in the same office. The 34 frontline staff interviewed for this study came from 15 sites in total. Table 7 presents the number of sites by each organisation.

Table 7: Number of sites represented in the study

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Number of sites represented in interviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouthAssets</td>
<td>4</td>
</tr>
<tr>
<td>ConcernLink</td>
<td>3</td>
</tr>
<tr>
<td>GospelWorks</td>
<td>6</td>
</tr>
<tr>
<td>Faithplus</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
</tr>
</tbody>
</table>

The number and location of the sites represented in this study provided the opportunity to examine the impact of the contracting environmental across a range of geographically diverse sites.

**Document analysis**
To reduce the likelihood of misinterpretation of the data, a degree of triangulation has been used to clarify meaning and verify the researcher’s interpretation, drawing
specifically on organisational documentation and public policy documents (Stake 2003).

The document analysis included key organisational documents such as mission statements, position descriptions, marketing material, theological statements and historical documents. Organisational historical documents were examined to identify internal discourses in relation to the religious attributes of the organisation and to understand the background to these organisations becoming involved in the delivery of welfare services and government funded employment services in particular.

Theological documents, including documents such as Church doctrines and Catholic Social Teaching principles, provided insight into the theological basis of church welfare services. A copy of the mission statements and position descriptions (PDs), in use at October 2013, for each organisation was obtained and examined to identify the presence of religious language or terminology in these documents.

A content analysis was also undertaken of each of the Department of Employment Request for Tender and Employment Services Contract documents covering various contracting periods to examine how the contract conditions have evolved over time. In addition, government policy documents and ministerial speeches have been analysed to document the trajectory of government policy decisions in relation to engaging with not-for-profit and church-related organisations.

I also undertook a content analysis of the websites of 20 non-religious contracted employment services organisations, to examine the type of services they each delivered and compared these to those services delivered by the church-related organisations under consideration.

**Data collection**

The purpose of the interviews was to gain an understanding of how each interviewee expressed the mission of their organisation and whether they felt that their
organisation was able to deliver a unique and distinctive service within the parameters of the Deed and the current contracting environment.

Yin (2009, p.130) argues that the most preferred strategy in analysing the data emerging from a particular case study is to ‘follow the theoretical propositions’ that led to the case study. The theoretical propositions that informed my data collection plan were:

1. Tensions may arise in trying to marry the church’s mission with the specific contract requirements and this has the potential to challenge the social mission of the church, resulting in mission drift.

2. Delivering prescribed services within a secular, competitive environment has the potential to constrain the religious identity and expression within church-related organisations and this may in turn lead to internal secularisation.

3. The pressures associated with the employment services quasi-market may result in coercive, mimetic and normative isomorphism, making it difficult to distinguish church-related organisations from their secular counterparts.

4. The nature of the principal-agent relationship between the purchaser and church-related organisations is likely to affect the behaviour of church-related organisations and may result in the attenuation of denominational links.

Permission was granted from each of the interviewees to record the interview conversation using an audiotape. Having a recorded version of each interview not only provided an accurate version of the interview; it enabled me to follow my line of inquiry and give full attention to non-verbal cues and ask for clarification when the response seemed ambiguous.

While most of the interviews followed a similar pattern, with the questions guiding the conversation, there were instances where it became clear that the interviewee was unable to provide a definitive response on the specific issue under consideration. This
became evident where despite prompting, interviewees could not articulate a rationale for their responses. In categorising these responses I have used the classification of ‘not sure’ or ‘not known’.

Research analysis

Miles and Huberman (1994) describe the various components of data analysis as an interactive model that includes:

1. Data reduction which involves the process of selecting, focusing, simplifying and summarising the data and teasing out themes;
2. Data display which involves an organised assembly of the information to permit conclusion drawing;
3. Conclusion drawing/verifying and this involves identifying patterns or irregularities to determine what the data means.

I found these three processes particularly helpful and they were interwoven throughout the various stages of my research project. Following the completion of all the interviews, the audiotape for each interview was transcribed and the responses analysed using a manual coding process.

The coding focused on identifying key themes that emerged in the responses from all interviewees. This facilitated the analysis of the data through the lens of the fields of academic thought that inform this study. A case study design can shed empirical light on the theoretical concepts or principles. In this study I am interested in illuminating the concepts contained within neo-secularisation theory, neo-institutional theory and principal-agent theory. Therefore the questions that guided the semi-structured interviews focused on examining the issues that related to these three theoretical foundations.

The existence of neo-secularisation and isomorphism create the potential for mission and identity drift to occur in church-related organisations in particular. To gain an understanding of how the church leaders interviewed described the distinctive attributes of their mission, and their expectations on how these would apply in their contracted employment services, I asked specific questions to guide this particular
aspect of the inquiry. Frontline staff and senior managers were also asked to describe
the unique aspects of their services and specifically if their church-related organisation
was different to others in the field.

To examine the extent to which secular forces impact on the four organisations within
this study, I asked direct questions about how the religious identity was communicated
to key stakeholders as well as undertaking a content analysis of key organisational
documents.

The relationship with the purchaser and the role of the contract in dictating the service
approach was explored during the interviews and these discussions led to an
examination of the potential tensions that exist in trying to marry the organisation’s
mission with the contract requirements. Given the central role that these
organisations have in implementing contentious aspects of welfare reform policy I was
keen to examine the attitudes of senior managers and frontline staff to determine if
this created tensions within these organisations.

In analysing the interview transcriptions, I first highlighted the substantive statements
in each transcript to identify similar phrases and patterns as well as differences that
emerged (Miles & Huberman 1994). These responses were then categorised and
manually entered into an analysis grid, which enabled my interpretation of the
findings. Commonalities and differences were isolated and sorted into subgroups and
gradually a set of generalisations emerged. In clustering the data according to themes
and categories or sub-groups within themes, I was able to conduct a comparative
analysis of these issues in the context of the four organisations in the study. The
process of sorting and analysing the data included continually revisiting the original
transcripts to verifying the conclusions that started to form.

The key themes that emerged during the interviews as they relate to the theoretical
constructs examined in this thesis are presented in Table 8.
Table 8: Emerging themes within the data

<table>
<thead>
<tr>
<th>Unit of Analysis</th>
<th>Generalised Themes</th>
<th>Data Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission Attributes</td>
<td>Informed by Christian-Judeo scriptures, compassion, justice, going the extra mile</td>
<td>Interviews- church leaders</td>
</tr>
<tr>
<td>Isomorphism</td>
<td>Service standardisation</td>
<td>All interviews</td>
</tr>
<tr>
<td></td>
<td>Adoption of business-like practices and behaviours</td>
<td>All interviews</td>
</tr>
<tr>
<td>Secular influences</td>
<td>Religious identity restrained</td>
<td>Interviews- staff &amp; managers</td>
</tr>
<tr>
<td></td>
<td>Religious expression limited</td>
<td>Content analysis: key organisational documents</td>
</tr>
<tr>
<td>Contractual relationships</td>
<td>Powerful and pervasive influence of the purchaser</td>
<td>All interviews</td>
</tr>
<tr>
<td></td>
<td>Relationships with church congregations</td>
<td>All interviews</td>
</tr>
<tr>
<td>Emerging tensions</td>
<td>Impact on holistic mission</td>
<td>All interviews</td>
</tr>
<tr>
<td></td>
<td>Policing the unemployed</td>
<td>Interviews- staff &amp; managers</td>
</tr>
<tr>
<td></td>
<td>Impact on organisational independence</td>
<td>All interviews</td>
</tr>
</tbody>
</table>

While this is a qualitative research project, some of the data from the interview transcripts has been tabulated and expressed in numerical terms within various tables throughout the chapters in this thesis. The presentation of the data is substantiated with various sample quotes from those interviewed. Where quotes are used pseudonyms are attributed to protect anonymity.

Denzin and Lincoln (2003) note that the interpretive *bricoleur* in qualitative research understands that research is an interactive process shaped by a number of factors including the researcher’s personal history, biography, gender and social class. My extensive involvement with employment services, over many years, places me in a participant-as-observer role in this qualitative study (Gold 1958). As a qualitative
researcher I have reflected on the subjectivity that I bring to this research, knowing that my orientation will be ‘shaped by my socio-historical locations’ (Hammersley & Atkinson 2007, p.15). While this includes specific values and views, I deliberately assumed the role of sociological stranger (Gold 1958) in interacting with key informants and interviewees. This enabled me to develop a meaningful yet objective relationship with each interviewee and obtain sincere responses to each of the interview questions.

**Conclusion**

A case study design has been selected for this research project as this provides an opportunity for an intensive investigation of contemporary phenomena. This study examines three specific phenomena, the extent to which internal secularisation is evident in the four church-related organisations under consideration, the existence of isomorphic pressures that result in the erosion of their distinguishing features and the way in which the contractual relationship between the purchaser and the church-related organisations has evolved. The findings emerging from this inquiry are contained in the next four chapters.

The first phenomenon examined is internal secularisation, specifically focusing on the way in which the four church-related organisations are structured and the presence of religiosity either expressed formally in mission statements, through specific religious practices or in expectations of employees. In a secular environment church-related organisations are confronted with challenges that are likely to constrain the expression of religious identity, not the least of which are anti-discrimination laws prohibiting religious bias in the selection of employees. These issues are examined in the following chapter.
Part II: Study findings

Chapter 5: Religious, secular or somewhere in between

Introduction

In this chapter it will be argued that while actual internal secularisation is not yet complete, the structure of church-related organisations follows the Chaves’ dual structure model and this adds impetus to the secularisation process. There is some evidence of secular compromises being made as a consequence of influences stemming from the secular operating environment; however, the findings suggest that all four case study organisations continue to maintain some level of religious tradition, although degrees are evident. In some cases that religious flavour is almost entirely internally focused, for example, religious practices at staff meetings. In other cases it is outwardly focused, for example, use of religious symbolism on advertising material. The expression of religious language and practices in these organisations reflect an effort to maintain a connection to their religious heritage, while balancing the pressures emanating from the secular environment.

Applying Chaves’ dual structure model

The attenuation of religious focus and identity in church-related organisations plays an important role in the secularisation debate, particularly in relation to the emerging field of internal secularisation proffered by Chaves. Chaves’ dual structure model, described in chapter 3, defines the differences between the religious authority structure and the agency structure focusing on six organisational dimensions. These are

1. Orientation toward congregations and individual members
2. Goal orientation
3. Basis of differentiation
4. Primary role
5. Basis of legitimate authority
6. Primary boundary of scope of authority
An analysis of the four church-related organisations in this study, focusing on these six dimensions, is as follows:

1. In Chaves’ model, the congregations and individual members form the constituency and a potential resource base for the agency structure. While this is ostensibly true for the organisations in this study, the extent to which the congregations and members operate as a resource base is limited. This is examined in more detail in chapter 7, where the relationship with the parent denomination is considered through the lens of principal-agent theory.

2. The goal orientation for the four church-related organisations under consideration is external and pertains to engagement with clients and other organisations within the employment services institutional field, rather than an internal focus on religious goals.

3. The basis of differentiation relates specifically to the functional role of delivering contracted employment services.

4. The primary role in the agency structure is undertaken by professional staff and involves the administration of services delivered in accordance with the Employment Services Deed. This is in contrast to the spiritually inclined roles undertaken by members of the clergy.

5. The basis of legitimate authority is rational or legal, as opposed to the charismatic leadership of the religious authority structure.

6. The primary boundary for scope of authority in each of these organisations is employee, rather than church members.

This examination demonstrates that the structural characteristics of Chaves’ dual structure model apply uniformly across the four church-related organisations in this study. Therefore the preconditions that contribute to the process of internal secularisation exist in each of these organisations. This preliminary assessment suggests that these four organisations operate as separate agencies to the church and its congregations. To examine these issues further I asked the church leaders interviewed about the extent to which the religious authority structure or members of the clergy are involved in the day-to-day management or operation of their contracted employment services arms.
Involvement of the religious authority structure in employment services

In each of the four church-related organisations, members of the clergy are represented on the governance boards or councils, however clergy are not involved in the day-to-day operations of their contracted employment services arms. The CEO of Faithplus is an ordained minister of religion and has ultimate responsibility for the congregational and the social welfare arms of this church. However, in Faithplus, as in each of the four church-related organisations, the direct management and decision making for employment services is delegated to a chief administrator who is not a member of the clergy.

The fact that the welfare services, including the contracted employment services arms of these four organisations, are directly managed by administrators and not by members of the clergy appears to support Chaves’ dual structure theory. Whether this equates to internal secularisation needs closer examination, particular in light of the argument posed by Grant et al (2003) that clergy surrogates might include chaplains or Christian lay staff who endeavour to maintain a focus on religiosity.

In two of the organisations, ConcernLink and Faithplus, the church leaders emphasised their strong belief that senior managers should have a commitment to the Christian faith. Both these leaders suggested that there is a risk that their contracted employment services will drift from their founding purposes and lose their religious identity if the Christian focus is not maintained. They assert that senior managers have a critical role in upholding Christian ideals. The suggestion is that these Christian lay leaders therefore act as clergy surrogates to some extent, as evidenced by the following comment from the church leader from ConcernLink:

I certainly think those in leadership have to [profess a Christian faith]; that’s critical because otherwise before long you’ll lose your way. You can’t force people to do anything, but you can set certain standards and then give example by the way in which you lead and act (Phillip, church leader, ConcernLink).
This sentiment was also expressed by the church leader from Faithplus who stated that it was incumbent on senior managers to model Christian values and exemplify the message of Christ. He asserted that denominational affiliation was less important than their personal expression of a strong Christian faith:

I look for all our senior general managers and executive staff managers to embody our values, deep in those values are some very strong Christian statements for example a Christlike servant-hood - not any servant-hood but the servant-hood that we see in Jesus Christ. Now I think that leads to a confessional element. I’m not bothered which team they are on. I just want to know that they’re on the team. I don’t mind if they wear a red shirt, a blue shirt, a green shirt, but I have to say also that our general management-team needs to be fundamentally committed to a Christian vision - and that's how [Faithplus] probably has been able to keep a Christian aspect to our work right the way down (David, church leader, Faithplus).

This statement makes clear this church leader’s firm belief that all those in leadership positions must be prepared to publicly acknowledge their Christian faith and to embody Christian values in their daily activities. In stating that it doesn’t matter whether they wear a ‘red shirt, a blue shirt or a green shirt’, he is making the point that he does not favour Christians from his own denomination, but rather it is the sincerity of their faith and witness that is the critical imperative. He asserts that the senior managers in Faithplus, whether they are members of a Protestant or Catholic denomination, must be prepared to confess the Lordship of Jesus Christ and be willing to live out their Christian faith in the workplace. It is clear that this church leader believes that establishing these benchmarks for those in leadership roles has enabled Faithplus to maintain a distinctive Christian element within their government funded programs.

The views on the importance of Christian leadership, expressed by the church leaders from ConcernLink and Faithplus, reflect their strong desire to maintain a religious focus within their employment service arms. They have clearly identified the challenges
associated with secularisation, and particularly identity drift, if the leaders of these organisations are not committed to the Christian mission.

**Evidence of religiosity**

To examine the religious and secular influences impacting the organisations in this study, detailed information was obtained on how the religious identity is expressed. In the semi-structured interviews with senior managers and frontline staff, several questions guided this examination. These questions focused on how interviewees describe the religious identity of their organisation and whether religious practices such as prayer or scripture messages are evident in the workplace.

Recruitment processes were examined to determine whether there is an expectation that staff profess a Christian faith. The information gathered during the interviews was supplemented with an analysis of key organisational documents such as position descriptions, job advertisements, historical documents, annual reports, organisational marketing material and information contained on websites.

**Religious identity**

In order to ascertain the origins of each of the four church-related organisations in this study, I examined a variety of historical documents and annual reports. This analysis confirmed that each of the four church-related employment services organisations is affiliated with an established religious denomination. However, only two of the church-related organisations in this study (GospelWorks and Faithplus) include their denominational affiliation in their organisational name and logo, and therefore are readily identified as religious organisations. Conversely the names of the other two organisations, YouthAssets and ConcernLink, are generic type organisational names that do not connote a religious identity.

As suggested in Jeavons’ approach, the senior managers interviewed from each of the four church-related organisations were asked directly to describe the nature of their organisations to determine if they self-identify their organisations as church-related. All stated that they describe their organisations as faith-based or religiously based
organisations. The most common response was that they consider their employment services arms to be church-related organisations that are underpinned by Christian values.

The question of organisational identity was further tested when I asked senior managers and frontline staff if they were aware that the organisation was a Christian based organisation before they commenced employment. This closed question provided for a specific yes/no answers and this has been tabulated for each organisation in Table 9.

**Table 9: Interview responses on the Christian identity of their organisation**

<table>
<thead>
<tr>
<th>Were you aware that this organisation was a Christian based organisation before you joined?</th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouthAssets</td>
<td>10</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>ConcernLink</td>
<td>10</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>GospelWorks</td>
<td>9</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>Faithplus</td>
<td>10</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>39</td>
<td>3</td>
<td>42</td>
</tr>
</tbody>
</table>

The majority of staff interviewed stated that they were aware that the organisation was a Christian based organisation prior to joining as an employee, with only three of those interviewed stating they were not aware of the organisation’s religious identity prior to joining. As noted, both GospelWorks and Faithplus include their denominational affiliation in the trading name of their employment services arms and therefore it is no surprise that all of those interviewed recognised these organisation as Christian based before they applied for a job with them. However, while YouthAssets and ConcernLink are linked to a specific denomination, this is not immediately evident in the name of these two organisations. This might explain the fact that three people interviewed in the study (one from YouthAssets and two from ConcernLink) were not aware that these were church-related organisations, prior to commencing employment with them.
**Religious content in mission statements**

Mission statements operate as a formal description of the organisation’s purpose. Therefore a mission statement presents a specific opportunity for the organisation to say something about its distinctive attributes and highlight those areas that distinguish it from other organisations. However, organisational mission statements are likely to reflect the goals and culture of the organisation, as opposed to the Christian Mission, which speaks directly to the mission that Jesus ascribed to the universal Christian church.

I undertook a content analysis of the mission statements for the four church-related organisation in this study in use as at October 2013, to discern if these statements provided evidence of the organisation’s religious purpose or affiliation. In particular the analysis focused on the presence of religious terms.

The examination revealed that three of the four church-related contracted employment services organisations, YouthAssets, ConcernLink and GospelWorks, have created a mission statement that is germane to the purpose of their specific employment services, rather than related to faith. The mission statements of YouthAssets and GospelWorks contain no reference to religious orientation, but rather use expressions that relate specifically to the organisation’s purpose of improving options for disadvantaged people through employment assistance, for example:

*Providing quality employment services to those most affected by unemployment (GospelWorks).*

The mission statement for ConcernLink expresses its purpose in terms of assisting unemployed people, however adds the phrase ‘in the spirit of the Gospel’, thereby implying a religious orientation.

*Assisting people to gain greater participation in the workforce and community, in the spirit of the Gospel (ConcernLink).*
Faithplus applies the church’s mission statement to its employment services and as expected, this statement uses explicitly religious terminology that clearly marks the Christian identity. The mission statement refers to continuing the work of Jesus Christ in word and deed.

Of the four church-related organisations in this study, Faithplus is the exception in having a mission statement that explicitly uses God-talk and therefore overtly communicates the religious identity of the organisation. The fact that the CEO of this organisation is an ordained minister of religion suggests a stronger link to religious authority and therefore can explain the use of the explicitly religious language in the mission statement.

The religious identity is downplayed in the mission statements of the other three church-related organisations. The interview responses provide an insight into why generic type mission statements are used by most of the case study organisations. Those I spoke to suggest that this is born of a desire to more effortlessly connect with funding bodies. For example, a church leader from GospelWorks told me that:

> There has been a pressure for a long, long time to remove any ability for faith-based organisations to reflect their faith in the services that they are providing (Timothy, church leader, GospelWorks).

A senior manager from ConcernLink reinforced this sentiment in reflecting on the way church-related organisations are viewed within contemporary Australian society. He stated:

> Faith-based organisations are not cultural any more, they’re not part of our psyche … and plenty of them have done enough in their own right to damage that, we know that. In many ways some of that is overplayed but it’s still very true that all of these institutions have got sins, for want of a better way of putting it, that they are going to have to answer for, but time will tell with the Royal Commission and the like (Paul, senior manager, ConcernLink).
This comment acknowledges the way in which many view the Christian church, in 21st century, secular Australia. Indeed, several scholars have noted that the Christian church in Australia is not as highly regarded as it once was and church-related organisations receiving government funding are likely to incur some hostility from secular groups and those who are suspicious of their motives (Cleary 2012; Lohrey 2006; Maddox 2001). Moreover, the church’s involvement in delivering public services is often questioned and accusations of proselytism have been levelled at the churches (O’Halloran 2007). This point was emphasised by the church leader from Faithplus who noted:

Because there is a growing secular march I think it’s more and more difficult for those people who confess Christ in a church context to carry out social and welfare work, except in the very general philanthropic way of offering food parcels and doing things that are good. (David, church leader, Faithplus)

The absence of religious expressions in three of the four mission statements reflect attempts to present these church-related organisations as providers of non-religious and non-discriminatory services focused on achieving secular goals. This in turn protects them from further accusations of discrimination or proselytising.

In taking this examination further, all of those interviewed were asked to describe the mission and goals in delivering contracted employment services, and in particular, to provide their views on how this related to the Christian mission. The findings are presented firstly focusing on the way in which the church leaders describe the mission. These responses are then contrasted with the way in which the frontline staff and senior managers describe the mission and goals.

**Description of the Christian mission as proffered by church leaders**

The six church leaders interviewed were asked to describe the Christian mission and how contracted employment services fit with that mission. These church leaders have been theologically trained and the Judeo/Christian scriptures inform their
understanding of the Christian mission. Unsurprisingly then, they each referred to the theology that underpins their church’s involvement in welfare services by making reference to various passages of scripture. Several referred to the teachings of Jesus in Matthew 25. One church leader summarised his interpretation of this scripture in the following way:

[The mission involves] meeting need as shown to us by Jesus Christ in the way he lived, connected with people and in what he taught as recorded in the New Testament. When I think of the words of Jesus as recorded in the New Testament, my mind goes to Matthew’s Gospel where he says in as much as you have done it this unto the least of these my brethren you’ve done it unto me - and he talks about giving a cup of cold water. He talks about visiting the prisoner, visiting the sick; just by way of illustration and I believe it’s our mandate. It’s our mission to live that out and to be practical in that in 21st century Australia (Michael, church leader, GospelWorks).

The church leaders interviewed used a faith discourse in discussing the Christian mission and its application to the field of employment services. They each stated that the Christian mission involves following the example of Jesus and in particular the way in which he commands them to respond to people in society who are overlooked or ignored. They consistently noted that the mission of the church is to serve the poor and promote Gospel values, particularly values of love, forgiveness and justice, which they believe should be reflected throughout their organisations:

Love and forgiveness, issues of justice, when you think of the messages of Jesus and to the poor, the poor have a rightful place in the Kingdom of God. Obviously this whole idea particularly of justice has a rightful place within God’s mission to the poor (Timothy, church leader, GospelWorks).

I’d like to think that the whole organisation is committed to that ethos that flows from the Gospel, which we find in Isaiah 61 and Luke 4 and in the teaching of Jesus, where the whole organisation is committed to the justice
of God, reaching out into the community with good news (David, church leader, Faithplus).

Not only do these responses reflect the core tenets of the Social Gospel, specifically the notion of the justice of God being central to the teachings of the Christian church, they also speak to an evangelical tradition to share the Gospel message. Evangelicals see undertaking good works as an outworking of their faith. They also share a belief that salvation is open to everyone and therefore as Christians they have a responsibility to introduce others to Christ so that they too may receive salvation.

In describing the essence of the Christian mission, two of the church leaders interviewed used the Latin expression Missio Dei, meaning the mission of God. They noted that the mission of the Christian church has been firmly established by God. Christians are invited to participate with God in this mission to bring healing to a broken world through the grace of God. This sense of Christians partnering with God in fulfilling His mission, underscores the ontology of the Christian Church as the Body of Christ:

The mission of the Church - Missio Dei – Our mission is God's mission. It’s His mission to ensure that all are included and we cooperate with God. We as the Body of Christ are invited to be part of his mission. It’s really to bring the Kingdom of God to the world (Timothy, church leader, GospelWorks).

All of the church leaders interviewed were unequivocal in stating that helping people to find work is in keeping with the Christian mission, aligning this work with the Social Gospel which asserts that social inequities are inconsistent with the values of the Kingdom of God. The Social Gospel is often manifested in the social conscience and social justice work of liberal evangelicals and creates the theological foundation for much of the social services carried out through modern churches. The church leaders noted that to be relevant and true to the teachings of Jesus, the Christian doctrine needs to adapt and adjust to the emerging social issues of the time.
Having a job was described as being important in building self-esteem and providing a sense of purpose as well as financial independence. One of those interviewed talked about the theology of work, noting that God worked and rested. He suggested that meaningful work and being engaged in the life of the community is part of what it means to be made in the image of God. Another church leader expressed the need to see people as God sees them and specifically referred to the theology of caring for people who experience a loss of some kind. He stated:

God has a loving weakness for those who are lost, those who have lost their jobs for instance. [The mission] is to embrace with tender affection the most vulnerable and the least important. Where employment comes in, in my sense, is so much gets lost when people lose a job or haven’t got a job or are searching for a job so we try to see the world and try to see people as God sees them (Nathan, church leader, ConcernLink).

Those church leaders interviewed noted that they see helping the long-term unemployed to overcome obstacles and develop a sense of self-esteem as a theological issue. They affirmed the Social Gospel tradition and the belief that addressing contemporary social issues is central to the mission of the Christian church. They strongly asserted their belief that all people are inherently people of worth, recognising that this sense of worth is often masked by social issues such as poverty or unemployment. Respect for human dignity is explicitly expressed in the first principle of Catholic Social Teaching, which provides the broad framework for the social welfare work carried out by the Catholic Church and its agencies. Several of those interviewed noted that helping people to find employment involves giving them a sense of dignity and worth as exemplified in the following statements:

These are all Christian issues; they are about dignity and worth (David, church leader, Faithplus).

One of the greatest things that we can do for people in giving them that dignity is to give them work and to allow them to fulfil their mission in this world. That happens on lots of levels, it obviously happens through their
friendships, through their marriages, through their families, but most importantly, it does happen in the eight to ten hours every day that they spend being creative, whatever that might be. It’s not an artistic sense, but they’re making things, they’re building upon the world, so I think the greatest thing you can do for any person is to give them an avenue to be able to sustain themselves and their family and to live the life that God planned for them (Phillip, church leader, ConcernLink).

Church leaders were asked to give an account of how the Christian mission intentions might be evident in their contracted employment services arms. All of the church leaders interviewed strongly asserted that the mission intentions are driven by a desire to demonstrate the love of Christ and show compassion towards people who are experiencing difficulties in life. They asserted that the underlying themes of mercy and compassion ought to be manifested in the way church-related employment services are delivered. Moreover, there was a suggestion that church leaders believe that if this is not evident in their employment services arms then churches should not be involved in providing these services. This sentiment was expressed are follows:

The love of Christ compels us to do what we do and I hope then that flows through everything that we do, right, otherwise why are we there, we’re no different to anybody else. [This means] I hope that a person will be treated with compassion, with dignity (Michael, church leader, GospelWorks).

I think we don’t have to be overt in religious practice or expectations. My sense is that they should know us by our love and the many different ways in which that’s displayed. As I said, there will come times when we have to walk away and simply say this is not us (Phillip, church leader, ConcernLink).

In expressing these sentiments, the church leaders reveal an awareness of the potential risk of mission drift when delivering services on behalf of government.
Church leaders suggested that the essence of the Christian story should underpin church-related employment services. This translates into the way in which jobseekers are perceived. The belief that human beings are created in the image of God is an integral part of the Christian ethos. This provides the motivation to help individuals to aspire to their created potential. It is this belief that separates church-related organisations from secular not-for-profit organisations that may also share the value of treating people with dignity and respect. However, they view this from a humanistic perspective rather than through a theological lens. The Christian view is summed up in the following comment:

Our organisational values are very clear that when we’re working with people, they’re not just clients, they’re not just customers; these are people that we would believe are sons and daughters of God and therefore how we treat them is of great importance. They’re not just numbers or whatever. It’s not that others won’t do that; there are humanitarian groups who are equally committed to lifting up the well being of other human beings. But we are driven, by a perspective of love and compassion that is unique to the Christian story (Phillip, church leader ConcernLink).

Church leaders consistently spoke about the importance of providing wrap-around services to meet the whole needs of individuals. This holistic approach is perhaps one of the reasons that governments have been attracted to church-related organisations as providers of specific welfare services. Increasingly the notion of integrated approaches and joined up service provision appears in government policy documents, in recognition that issues such as long-term unemployment have causes and correlations beyond the lack of paid employment. The following comment illustrates the view held by those church leaders interviewed:

We don’t see the clients that we care for merely through the tunnel of their particular presenting needs. We see that human beings have many needs and we draw on the services that we are able to provide to wrap around a human being to help them holistically to become the person that God made them to be (David, church leader, Faithplus)
All of the church leaders interviewed asserted that church-related contracted employment services organisations should demonstrate something additional to that offered by other employment services organisations. This should be obvious not only in the way jobseekers are treated; it should involve doing more than the contract requires. Several church leaders expressed this sentiment by using the Biblical term of ‘going the extra mile’:

What should also be obvious is the extra. In attitude, the compassion, mercy, these are the qualities of Christ and should be reflected in the way we deal with people: endless patience, endless perseverance, so I think those are qualities that say, ‘Hey you are doing more than what you are getting paid for.’ The pay will sustain you but in helping this person into a job I think the church has the ability to go the extra (Timothy, church leader, GospelWorks).

There was also an acknowledgement that many jobseekers experience challenges in their lives that related to personal as well as structural issues. The church leaders see their employment services as having a key role in persevering with each individual to help them to overcome these difficulties. Church leaders referred to the importance of not giving up on people, particularly in cases where the individual has lost motivation and has seemingly become resigned to being permanently unemployed. Several interviewees spoke of perseverance as being a key value that translates into the unique type of services that church groups provide to individual jobseekers:

[It means] never giving up on a young person and that recognises I think, that many young people are assailed by all sorts of difficulties, their own life story, their family or whatever else. I think that’s probably the main thing, I think that’s part of the salvation thing, interpreted broadly speaking (Stephen, church leader, YouthAssets).

The church leaders interviewed have an expectation that their employment services arms will deliver services that accord with their mission priorities. Indeed, they trust
their appointed managers to ensure that the way in which these services are delivered aligns with the values and goals of the parent church. This speaks to the assumptions underpinning stewardship theory. However, given that these church leaders are not involved in the day-to-day operations of their employment services, they are reliant on the advice they receive from their managers. Therefore their view of how services are delivered may not reflect reality. The extent to which holistic service provision and ‘going the extra mile’ is evident in the four church-related organisations in this study is examined in detail in chapter 6.

**Description of the mission provided by senior managers and frontline staff**

The senior managers and frontline staff interviewed generally did not use religious language in describing the mission of the church-related organisations. They expressed the mission in terms that might be expected within the employment services institutional field. They referred to their organisational mission, rather than a specific Christian mission. Indeed, when asked to describe the Christian mission, only seven of the 42 staff members interviewed was able to provide a description of the intent of the broader Christian mission. Most of the interviewees were not able to discuss the Christian mission in any detail or its relevance to employment services.

The majority of those interviewed stated that the mission and main goal of their organisation is to help jobseekers to find work. This response is unsurprising, given that this is the job that these staff are indeed hired to do. Generally their role involves identifying the barriers that jobseekers have in their search for employment and referring them to various training programs or other services that assist in addressing these barriers. Typically this was expressed as follows:

```
The [mission is] to get people into employment, so assist people on Centrelink benefits through finding them suitable ongoing work and we do that through referral to different programs, things like that. Getting them job ready (Rose, frontline staff member, GospelWorks).

Try and get people into work the quickest way we can, the best way we can and in the right job (Shirley, frontline staff member, Faithplus).
```
Several interviewees saw their work as having a positive impact on the lives of individuals by improving their life chances. Most of these responses emphasised the centrality of employment in creating a pathway out of poverty and the way to assist individuals to achieve sustainable change in their lives:

The mission is about working with disadvantaged people, young people without a voice, and to improve their quality of life in essence. Our goals are about sustainable outcomes, sustainable change in the lives of young people primarily through education, training and employment (Jim, senior manager, YouthAssets).

The responses from a minority of interviewees, who saw employment as the main goal of the organisation, contained a hint of paternalism, suggesting that jobseekers were often incapable of self-motivation. This view accords with the ideology promoted by key welfare reformists such as Mead, who strongly believe that the best way to help the poor is by supervisory means and pushing them to change their behaviour:

It’s about helping people up and getting them going, because we have a firm belief that if someone is working then most of their problems will be solved. So that’s how you can marry up that whole JSA contract with the Christian side of things because you are actually helping somebody by pushing them along, educating, you know funding them to reskill that kind of thing and providing them with an opportunity to provide for themselves (Emma, frontline staff member, ConcernLink).

A significant number of those interviewed noted that the focus of their organisational mission is to help the most disadvantaged jobseekers. The theme of assisting the most vulnerable members in society is consistent with the scriptural injunctions that the church leaders referred to. Church welfare organisations often refer to their mission intentions as having a focus on those most at risk of social exclusion and marginalisation. To reinforce this point, several of those interviewed stated that in their view the most disadvantaged jobseekers gravitate towards church-related
employment services organisations. They also suggested that Centrelink staff made a deliberate choice to refer very disadvantaged jobseekers to church-related organisations, based on the notion that these jobseekers would be better assisted by a church-related organisation. Therefore in their view church-related organisations have a higher percentage of the ‘hardest to help’ jobseekers than non-religious based organisations. Several respondents argued that church-related organisations endeavour to do more to assist individual jobseekers experiencing complex issues than non church-related organisations.

We certainly will look at the needs of the person and make decisions based on that and how we can assist them. If I’ve got somebody who is homeless who has nowhere to stay, we will do whatever it takes to find a roof over their head for what we can, whereas maybe other providers might not go that distance, because they don’t need to (Amy, frontline staff member, Faithplus).

Our mission as such is to help the most disadvantaged people get into employment. We’re probably a little bit more, yeah I keep saying compassionate but that’s probably a bit more what our mission is about maybe helping people that little extra mile to really get them into where they want to be and what they want to do (Elaine, frontline staff member, GospelWorks).

Several interviewees suggested that there is a tacit understanding within government circles and the broader community that church-related organisations will deliver more than the contractual requirements. This observation accords with the views stated by church leaders that church-related organisations should provide services that are additional to those expected under the government contract:

I think there is an understanding, and in that understanding there is probably also an expectation that you go above and beyond, and that you deliver more than what you’re contracted to deliver. And so, I think that’s why so many of our Christian based organisations are funded, because
there is an expectation that because of their values they’ll do more than other providers (Sue, frontline staff member, YouthAssets).

As this study did not canvass views from staff working in other not-for-profit organisations, it is not possible to confirm the claims made by some of those interviewed that other contracted providers would do less to assist jobseekers than the church-related organisations. Nonetheless there was a strongly held view amongst a minority of respondents that church-related organisations are more compassionate in their approach. This is examined more closely in chapter 6, in terms of the extent to which church-related organisations provide distinctive services.

Four people in total described their organisation’s mission in more generic broad terms and stated that their main focus was to help people to acquire a sense of respect and dignity. The reference to human dignity aligns with descriptions provided by church leaders. Although dignity and respect is seen as a theological issue by the church leaders, the majority of the frontline staff interviewed do not perceive treating people with dignity as a religious concept. The following typifies these responses:

Respect and dignity for people, it’s to work with all those that don’t have the advantages that others have and to allow them to participate (Lenore, frontline staff member, ConcernLink).

I am not religious, I do not have a religious background so for me it is really about the dignity in helping people who need help (Kimberley, frontline staff member, ConcernLink).

Although all interviewees noted that helping people in need might be consistent with the Christian mission, five respondents explicitly stated that this is not the sole domain of church-related organisations. These interviewees suggested that the motivation to help people is underpinned by humanitarian values and not explicitly Christian values. Indeed, they stated many non-Christians are involved in this type of work and are capable of delivering caring services, in either a religious or non-religious setting:
[It’s] about helping those most in need and I guess that’s a Christian belief, but it’s also a belief that can be in people who aren’t Christian (Terri, frontline staff member, YouthAssets).

Three frontline staff members, two from GospelWorks and one from ConcernLink, stated that their mission had changed during their time with the organisation. These three people had worked in these organisations for more than 10 years. They noted that in recent years there has been an increasing focus on achieving the outcomes as measured by the star ratings as opposed to providing holistic support to disadvantaged jobseekers that may not result in a job outcome. The views expressed suggest that there are tensions for church-related organisations in trying to maintain their competitiveness in the employment services quasi-market, these are examined further in chapter 6. The principal-agent model of contracting locks these church-related organisations into a regime that sees them focusing on organisational survival sometimes at the expense of their social mission:

The mission is to help those that are affected by unemployment. The goals have flipped around a little bit but to be honest now the goals are very much around performance and star ratings and financial viability (Marshall, frontline staff member, GospelWorks).

The mission is to assist the most disadvantaged, the values and they were lived and breathed, they were talked about, they were there as a real means of doing business, I personally have always maintained that right up to now, within my own site - but now I cannot recall the last time values or mission were mentioned within the organisation. We saw massive change in July 2009 and have seen mission drift occur. Now the goals are very clear to be a high performer and that's tied in with a very strong performance management model coming up behind that (Melissa, frontline staff member, GospelWorks).

These comments reflect the disillusionment felt by a number of staff about the way in which church-related organisations have been drawn into an environment that
appears to constrain their ability to deliver their mission. Indeed these staff members see financial viability as the dominant goal of their organisation in the tightly contested employment services quasi-market and consider this to be evidence of mission drift:

Tongue in cheek I say at the moment [our mission is] to survive. I’ve watched a lot of colleagues and very good people leave our ranks over the last 12 months which can be quite distressing to those that are left and I’ve heard staff over the 12 months on a regular basis say, is our job safe (Connor, frontline staff member, ConcernLink)

Although the majority of the responses from the staff interviewed were expressed in secular terms, there were four people in total, two from ConcernLink, one from GospelWorks and one from Faithplus who made explicit reference to the Christian Gospel in explaining the mission of their organisation. Each of these people occupies a senior manager position. These are their responses:

It’s about dignity and respect and opportunities and choice. Leading social change supporting people and communities through the Gospel. So the Gospel underwrites everything that we do, the stories of the Gospel. We have to get out there to help people in need (Paul, senior manager ConcernLink)

[Our mission is] to assist the disadvantaged in the spirit of the Gospel (Aaron, senior manager, ConcernLink)

Having a vehicle to be able to really promote the Gospel of Christ in many different avenues by service (Steven, senior manager, GospelWorks)

The noble purpose of the organisation is to continue the work of Christ in word and deed. So for [Faithplus] there are two things happening that are inseparable. One is a word ministry, so letting people know about Christ and salvation that’s possible through Christ and the other one is the deed ministry, which is the work that Christ did when he was there. So yeah,
working for and with marginalised and vulnerable people (Charles, senior manager, Faithplus).

The competing tensions between the secular and religious environments are evident in way in which the mission of church-related organisations is perceived and articulated. The contrasting discourse in how the mission is expressed by church leaders compared to the descriptions provided by employees reflects the religious and secular domains that these organisations occupy. The church leaders interviewed used theological language and a faith discourse to describe not only the Christian mission, but also how they view the mission intentions being manifested within their employment services arms. Conversely the majority of employees interviewed expressed their organisational mission in purely secular terms, specifically in terms of helping disadvantaged jobseekers to find work. They tended to use the terminology associated with the institutional field of employment services. The connection to the Christian mission is not explicit in the discourse used by employees; however, it is possible to draw a connection to the church in the references that staff members made to their focus on providing help to the most disadvantaged.

The difference in the way the mission is expressed and indeed viewed by staff emphasises some of the factors that contribute to the divisive dialogue within churches in respect to the evangelical and social mission described in chapter 3. This debate specifically relates to the secular nature of government funded welfare services and spurs ongoing discussion about internal secularisation. The faith discourse presented by the church leaders and their descriptions of how the Christian mission ought to be fulfilled in their employment services demonstrates their attempts to reconcile the twin elements of the Christian mission and justify their involvement in contracted employment services from a theological perspective.

**Public expression of religiosity**

The senior managers and frontline staff interviewed were asked to discuss how the religious identity of the organisation is communicated internally, specifically focusing on whether religious language is used in daily activities. The majority of interviewees
noted that while there is some reference to the religious roots of the organisation, they maintain that it is not overt. Typical comments from frontline staff include:

[Religious identity] is hardly ever discussed (Sue, frontline staff member, YouthAssets).

It’s spoken about but it’s not in your face either (Remy, frontline staff member, ConcernLink).

I don’t think religion actually plays a part in it at all, I think it’s underlying the values (Barbara, frontline staff member, Faithplus).

Interviewees from GospelWorks noted that chaplains are employed and they are sometimes called upon to pray at the commencement of formal meetings and provide pastoral care support to staff or clients as required. Again the message was clear that this is not foisted on either staff or clients. As noted by one staff member:

The chaplain did bring out like little cards and things like that every now and then, but it’s not forced upon us and it’s never really brought up with management (Rose, frontline staff member, GospelWorks).

Most of those interviewed from YouthAssets made reference to members of the Religious Order having a presence within the workplace. In particular, they referred to their role in providing an overview of the history of the Order during staff orientation training. However, it was evident from the various comments, that members of the Order do not have a significant role within the employment services arm and expressions of religiosity within the organisation are understated:

I mean it’s done in a very subtle way (Rachel, frontline staff member, YouthAssets)

Nonetheless, given that part of the role of religious chaplains and members of the Religious Order is to provide a spiritually motivated pastoral care and direction, their
presence in these two organisations, YouthAssets and GospelWorks, confirms the involvement of clergy surrogates. At the very least these individuals would be seen by most staff working in the contracted employment services as being part of the religious structure of their parent denomination and thereby contributing to the religious motivation and orientation that underpins these organisations.

A minority of those interviewed from ConcernLink and Faithplus mentioned that they occasionally receive newsletters or messages from senior management that contain homily like or moral type messages. It was stated that while these may have religious overtones, they tend to underplay religion and focus on the practical application of Christian ideals in working with disadvantaged people. A staff member from Faithplus, referring to regular messages sent out to all the employment services sites from the church leader commented:

It is subtle and, to tell you the truth, quite interesting. So even though it obviously does have a mixture of religion, it’s also talking about everyday events that are happening. It’s not solely all about religion (Barbara, frontline staff member, Faithplus).

The senior managers interviewed from ConcernLink, GospelWorks and Faithplus, noted that on some occasions, prayers are used at the commencement of meetings, particularly management meetings. However given the mix of staff within these organisations, care is taken not to cause offence to people who do not subscribe to the Christian faith. In some respects this could be perceived in a similar way to the vestigial prayers that are said on formal occasions such as the opening of the Australian Federal Parliament. In this sense these prayers do not necessarily confer a religious status on the body politic. Indeed in one organisation, senior managers refer to the saying of prayers as part of the meeting protocol:

We have a protocol that any meeting that is a regular meeting that has minutes is required to open with a prayer reflection. Of course we have to be very conscious, there’s a lot of people from a lot of different walks of
life – so being respectful of all staff (Steven, senior manager, GospelWorks).

In addition to using prayers during management meetings, a senior manager from ConcernLink noted that he endeavours to bring a Christian perspective into the workplace through articles published in internal newsletters:

We pray at our monthly management meetings. There is no other prescribed religious activity. I do newsletters probably on average once every two to three months, and I certainly have a fairly strong spiritual mention in those newsletters (Aaron, senior manager, ConcernLink).

**Communicating religious identity to external stakeholders**

Senior managers and frontline staff were asked how the religious identity of their organisation is communicated to key external stakeholders. The majority of those interviewed stated that references to religion are curtailed in the promotion of services to jobseekers and employers. Those interviewed maintained that most jobseekers would not be aware that the respective organisation is a church-related entity.

Moreover, despite earlier comments suggesting that disadvantaged jobseekers deliberately chose to register with church-related organisations, several staff contended that being part of the church might in fact be a barrier to some jobseekers choosing them as their preferred employment services providers. This was seen by these staff as a reason to downplay the church connection.

While this seems to contradict the earlier sentiment expressed, I argue that this view reflects an understanding on the part of the agency management and frontline staff of the secular influences stemming from the institutional field and the need to engage with jobseekers that are likely to come from a range of backgrounds. At the very least these conflicting viewpoints suggest a pragmatic
approach when it comes to communicating the organisation’s religious identity. These sentiments were expressed as follows:

We don’t bring Christianity into it at all because that can cause barriers and so forth on its own. A lot of them have got enough barriers without having to shove that one on them as well (Chelsea, frontline staff member, YouthAssets).

We don’t want to deter anyone from coming into our door by being overtly Christian. Gospel values are essentially about getting out and doing it rather than preaching... we don’t shy away from our religious identity, but our job is to get to the people who need some help (Paul, senior manager, ConcernLink).

Content analysis of publicity materials

An analysis of the 2013 marketing material used in publicising the employment services of the four church-related organisations confirms that the religious identity is restrained in this material. Each of the four church-related organisations has developed brochures that they use to promote their services to jobseekers as well as employers. The information contained in these brochures is similar across each of the four organisations. For example, the jobseeker brochures include details of the job searching assistance provided such as resume preparation, developing interview skills, training, vocational assessments and makes reference to the facilities provided by the organisation concerned.

There is no reference to the religious identity in the jobseeker brochures provided by three of the church-related organisations. This is also the case in the brochures used to market the employment services to employers. However, the material provided by Faithplus contains the mission statement of the organisation which is printed in the inside cover of both the jobseeker and employer brochure. As noted, this mission statement contains overtly religious language and therefore the Christian identity of this organisation is made known to jobseekers and employers accessing this material.
Although each of the four church-related organisations has been founded by and is still affiliated with a religious denomination, the degree to which religiosity is expressed varies across each of these organisations. The majority of frontline staff interviewed noted that while some reference is made to the religious roots of each organisation, other religious expressions within these organisations are subtle. The implicit rather than explicit references to religiosity in these organisations suggests a desire on the part of these church-related organisations to maintain some connection to their religious heritage while operating firmly within a secular environment and being exposed to the influences of the other actors in the institutional field. This demonstrates the competing and sometimes conflicting pressures on these organisations as they endeavour to weave a path that duly respects their religious foundations while engaging with the external environment. The analysis confirms Jeavons’ assertion that organisations are neither exclusively religious nor strictly secular (Jeavons 1998).

Staff recruitment practices

In focusing on staff recruitment practices, the senior managers and frontline staff interviewed were firstly asked if they specifically chose to work for a Christian organisation and if so, what is their motivation for working with a Christian based organisation. The data has been collated for each of the four organisations in the study and presented in Table 10.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouthAssets</td>
<td>0</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>ConcernLink</td>
<td>4</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>GospelWorks</td>
<td>0</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Faithplus</td>
<td>0</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4</strong></td>
<td><strong>38</strong></td>
<td><strong>42</strong></td>
</tr>
</tbody>
</table>
Only four people of the 42 interviewed stated that they specifically chose to work for a Christian organisation. These four people all work in ConcernLink. This is explicable in that this organisation is sponsored by a major denomination in Australia and the four staff concerned stated that they are members of this denomination and chose to work for their church. Three of these four people noted that the primary motivating factor for choosing to work for this Christian organisation, is that they were brought up in a Christian family and they subscribe to the beliefs and values of the church, as indicated in the following responses:

I think it’s an inherent thing within my family. I was raised in a Christian family… and the Christian thing is very much community based and I really wanted to be part of that (Emma, frontline staff member, ConcernLink).

I was raised as a Christian....and although I’m not practising, I do believe in the church’s beliefs (Jacob, frontline staff member, ConcernLink).

As a practising Christian, from a religious point of view, it just felt right (Mary, frontline staff member, ConcernLink).

**Should the selection of staff be based on adherence to a religious criterion?**

Church leaders and senior managers were asked about their recruitment practices. Church leaders were specifically asked whether they believe that frontline staff should profess a Christian faith in order to deliver the church’s mission in the government funded employment services affiliated with their church. Despite earlier controversies relating to the recruitment of co-religionists, none of those church leaders interviewed expressed an expectation that frontline staff needed to profess a Christian faith in order to work in the employment services part of their organisations.

The church leaders asserted that people recruited for frontline positions in their employment services are not asked questions about their religious persuasion when they are interviewed or when they begin employment. Recruitment interview questions focus on issues of professional competence. Potential employees are also
asked about values alignment; that is the degree to which the personal values of the individual align with the values of the organisation. The organisational values for three of the organisations in the study, YouthAssets, ConcernLink and GospelWorks, are expressed in secular terms rather than in religious language, whereas the values referred to in the recruitment material for Faithplus include a specifically Christian reference.

It was confirmed by each of the church leaders interviewed that recruiting only Christians to work in frontline roles is neither the position nor the reality for each of the organisations in this study. This accords with the evidence provided by senior managers and frontline staff on the issue of staff recruitment and selection. However, it was generally accepted that while staff do not need to be Christians they do need to recognise that they are delivering services on behalf of the church. The following typifies the responses given:

[The service] is provided not just by Christians or for Christians – therefore the staff don’t need to profess a faith, but what they do need is to be aware of the fact that they are an arm of the church and what does this mean - they need to be aware of the significance of the faith for those who do and they need skills. Competence is more important than faith issues (Nathan, church leader, ConcernLink).

Another church leader commented on the high calibre of some staff members and implied that sometimes non-Christian staff members appear to be just as committed to the organisation’s mission as those staff members that profess a Christian faith. However, he did note the importance of having a critical mass of Christians on the board:

We’ve got some great examples of men and women who don't profess to be Christian, but in the manner in which they do their work, they embrace our mission wholeheartedly and do a superb job. However, when it comes to the board you can’t keep running an organisation unless there is a
dominance of Christian people and thinking (Timothy, church leader, GospelWorks).

The following statement from another church leader reveals something about the variability and malleability of a Christian faith conviction. He argues that people who do not share Christian beliefs nonetheless make a great contribution to the achievement of the organisation’s mission. Moreover, he suggests that an employee may develop or strengthen their personal Christian faith as a result of their employment in a church-related organisation:

Some people come to work with us who are not Christian but they get very on board with our mission, very committed to our mission and they will say that I’m not Christian but I love working for this organisation, I love its mission, I love its focus. And the other thing is, people become Christians through working with us, so I don’t think I should discount people who are not Christian working with us. But at the same time if we employ everybody who is not Christian the focus can be lost and the mission can be lost, so it’s a debatable one. And the other thing too is some people come to us who are nominal in their Christian faith but through working with us, they really come right through into a living faith so yes it’s a continual challenge (Michael, church leader, GospelWorks).

Senior managers asserted that the workforce within their organisations tends to reflect the pluralistic religious nature of Australia. They each confirmed that matters of faith are not discussed during recruitment interviews and noted that a more critical issue is that staff members understand the organisation’s ethos and are committed to the values of the organisation. These sentiments were expressed as follows:

We don’t care if you’re Catholic, Muslim, whatever it might be. It’s far more about how you live the values (Tina, senior manager, YouthAssets).

You don’t have to be a Christian ... you just have to walk out through the office there and you’ll see that we’ve got people from all sorts of faiths.
What we are really strong on is to make sure that you have Christian based values, which I think pretty much runs across most religions anyway. So whether you're a Buddhist or a Muslim or whatever you've pretty much got the same fundamental understanding as what the church wants you to have. So we don’t specifically recruit for a Christian; Christian values yes – but not specifically, you don’t have to be Christian (Gordon, senior manager, GospelWorks).

Content analysis of staff recruitment documentation

A content analysis of job advertisements and position descriptions (PD) for frontline staff and senior manager positions was undertaken to identify any references to the organisation’s religiosity either in the job advertisement or in the position description. A copy of the PDs in use as at October 2013 was obtained from each of the four church-related organisations in the study.

In addition, three organisations made copies of their most recent job advertisements available. ConcernLink was unable to provide an example of a job advertisement, as they have not recruited additional staff for some time. All organisations noted that they tend to advertise for frontline staff using the web based job advertiser, Seek.com.au, as well as the organisation’s own website.

An examination of the job advertisements revealed that only one organisation, Faithplus, referred to its religious identity in the advertisement. The job advertisement and application form pertaining to employment consultant positions with Faithplus contained several references to the fact that this is a Christian organisation.

Employment Consultant Position Descriptions

An Employment Consultant (EC) position description was examined for each of the four church-related organisations concentrating on the use of specific religious references, for example words such as God, Jesus or Christ, Christian and/or reference to the name of the church or denomination. This data is presented in Table 11.
Table 11: Religious content in employment consultant position descriptions

<table>
<thead>
<tr>
<th></th>
<th>Jesus of Christ</th>
<th>Christian Church or denomination</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouthAssets</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>ConcernLink</td>
<td>X</td>
<td>✔</td>
</tr>
<tr>
<td>GospelWorks</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Faithplus</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

The Faithplus employment consultant PD is by far the most overtly religious out of the four. This PD contains a reference to organisation’s Christian mission and specifically uses the phrase ‘the work of Jesus Christ’. The religious identity is not apparent in the employment consultant PDs for two organisations in the study, YouthAssets and GospelWorks, while the employment consultant PD used in ConcernLink, has one reference to the fact that the organisation is part of the church. A common feature in the employment consultant position description from each of the four church-related organisations is a generic type statement articulating a requirement for staff to demonstrate a standard of behaviour that reflects the mission and values of the organisation.

**Senior Manager Position Descriptions**

A similar examination of the position description used for senior manager positions was undertaken, for each of the four church-related organisations. The use of religious terminology in the senior manager PDs reveals a similar pattern with Faithplus being the outlier. There is one subtle reference to the church connection in the PD in use in ConcernLink, specifically that the occupant of the position must maintain a lifestyle and behaviours in the workplace that is compatible with church values. However, religious references are not apparent in the PDs from the other two church-related organisations in the study, YouthAssets and GospelWorks.

The PD used by Faithplus makes specific reference to the ‘work of Jesus Christ’ and has a requirement that senior managers demonstrate ‘Christlike servant hood’ and attend significant events including worship services. The comparative analysis of the religious content in senior manager PDs for the four organisations is presented in Table 12.
Table 12: Religious content in senior manager position descriptions

<table>
<thead>
<tr>
<th></th>
<th>Jesus or Christ</th>
<th>Christian culture</th>
<th>Christlike servant-hood</th>
<th>Attend worship services</th>
<th>Church or Denomination</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouthAssets</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>ConcernLink</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>✓</td>
</tr>
<tr>
<td>GospelWorks</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Faithplus</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

In summary, two of the church-related organisations, Faithplus and ConcernLink, include explicitly religious terminology in staffing documentation; however, there is no expectation that frontline staff are required to share Christian beliefs in these or in fact any of the other two organisations. I suggest that this reflects an understanding of Australia’s anti-discrimination laws and perhaps a desire to avoid earlier controversies that plagued contracted employment services with regard to the recruitment of staff. However, the church leaders interviewed from these two organisations emphasised the importance of senior managers having a Christian faith. There is a suggestion that employing committed Christians in a leadership role within the agency structure may act as a proxy for religious authority and mitigate the potential for internal secularisation.

**Conclusion**

This chapter has examined the aspects of the neo-secularisation theory and the extent to which the religious character and identity is evident in the four church-related organisations. While church leaders asserted that they see their employment services as an outworking of their faith and in keeping with the teachings of Jesus, they also acknowledged that members of the clergy are not involved in the day-to-day management of their contracted employment services arms. This suggests that these services operate within the dual structure that Chaves’ describes in his internal secularisation thesis (Chaves 1993a, 1993b).
Although expressions of religiosity are restrained in the church-related organisations, the findings fail to confirm that internal secularisation is complete. Members of the clergy, while removed from the day-to-day functioning of the church-related employment services arms, nonetheless are involved in the governance of these organisations. This gives them ultimate authority in respect to major decisions such as whether the organisations they sponsor will continue to participate in contracted employment services. Moreover, in each of the four organisations, clergy surrogates are present either in the form of chaplains, members of the Religious Order or in Christian lay leaders who at times provide reference to spiritual matters and religious ideals.

However, it should be noted the pre-conditions that precipitate the process of internal secularisation are evident in the way these organisations are structured. While these agencies are currently subordinate to religious authority they nonetheless have the potential to become autonomous from that authority, depending on the demands of the institutional field. Cleary (2012) emphasises the importance of church-related organisations maintaining healthy relationships and connections to the parent church, in order to retain their identity and distinctive mission. The extent to which healthy connections are maintained between the four church-related organisations under consideration and their parent church is examined in chapter 7 in the context of principal-agent and principal-stewardship theory.

In the next chapter I examine what might be considered to be the essential hallmarks of Christian welfare organisations and whether the contracted employment services environment constrains the ability of church-related employment services organisations to deliver a service approach that demonstrates the hallmarks of their Christian heritage. The particular focus of this chapter is whether church-related organisations have a distinctive approach in delivering contracted employment services that is not shared by secular not-for-profit or for-profit organisations operating in the same field. The issues discussed relate to the bureaucratisation of government contracting and the extent to which institutional pressures impact the four church-related organisations in this study, resulting in the phenomenon of institutional isomorphism.
Chapter 6: Environmental factors that constrain distinctiveness

Introduction

The church leaders interviewed for this study contend that the qualities of Christ ought to be evident in the way in which church-related organisations deliver contracted employment services. They stated that it is important for church-related organisations to demonstrate their unique and distinctive attributes in the way in which they deliver services. Often this is described as going the extra mile. Given this motivation and conviction it is reasonable to assume that there would be discernable differences between church-related organisations and other organisations contracted to deliver employment services. However, neo-institutional theorists assert that the isomorphic pressures impacting on organisations operating in the same organisational field are difficult to resist. These pressures result in church-related organisations making adaptations in order to conform to the expected norms of the institutional field and thereby gain legitimacy.

In this chapter I examine the employment services field through the lens of neo-institutional theory in particular focusing on the existence of isomorphic pressures, which create the propensity for organisations to operate in similar ways. DiMaggio and Powell (1983) contend that there are three mechanisms through which isomorphic change occurs. These are coercive pressures, which involve responding to government mandates, mimetic pressures, which cause organisations to mimic practices and programs of others in the field and normative pressures associated with professionalisation. These three pressures are discussed in the context of the contracted employment services environment, focusing on the extent to which church-related organisations are able to deliver unique services and demonstrate distinctive characteristics that set them apart from other organisations in the field of contracted employment services.

I argue that distinctive characteristics are difficult to identify, consistent with the theory underpinning isomorphism. There is considerable evidence of coercive and
mimetic isomorphism and these pressures in particular have the effect of constraining the unique elements of the Christian mission described in chapter 5. Normative tendencies are less apparent in the case of the four church-related organisations in this study, and these are discussed first, followed by an examination of coercive pressures and then an analysis of the impact of mimetic pressures.

**Normative pressures**

Normative pressures occur as a result of professionalisation and the influence of professional associations in regulating the codes of behaviour of the profession. Although a putative profession, the contracted employment services field in Australia, is a relatively young field and the establishment of professional credentials is still in its infancy. The peak membership organisation, the National Employment Services Association (NESA) has developed the Employment Services Professional Recognition Framework, which is complemented by a range of training seminars and skill development courses. However, none of the people I interviewed for this study are involved in this program. Most of the training for frontline staff in the four church-related organisations in this study tends to take place in-house, rather than through participation in industry conferences and workshops.

While this study found evidence of the church-related organisations adopting similar forms and practices as the other organisations operating in the field, these actions are not seen to result specifically from normative pressures. However, it is assumed that if and when the profession becomes fully established and operates independently of government control, the potential for normative pressures to impact on those who become credentialed members of the employment services profession, will be increased. This is also likely to impact those staff employed by church-related organisations.

**Coercive pressures**

Coercive pressures relate to the need for organisations to comply with government directives. To examine the extent to which coercive pressures shape the behaviour of contracted organisations, I asked the senior managers and frontline staff interviewed
to comment on the institutional rules that shape the way they deliver services. In particular I asked them to describe the nature of the contracting environment and whether the Employment Services Deed dictates the service approach. Interviewees were also asked if they had the freedom to deliver a distinctive Christian mission within the constraints imposed by the Deed. The responses from all of those interviewed were unequivocal in asserting that the Deed has a significant influence in dictating the service model.

Strong sentiment was expressed in relation to what they regard as the pervasive nature of the contracting environment with the majority noting that the Deed is very prescriptive and leaves little room for organisations to step beyond the confines of the contract requirements. As a consequence those interviewed stated that their ability to deliver a distinctive service is severely curtailed. The following comments are representative of the sentiment expressed:

[The Deed] is much prescribed in terms of the steps that you need to go through, and we follow those steps (Aaron, senior manager, ConcernLink).

I think that the rules and regulations are so set that you would probably find that overall most organisations would probably be fairly similar because I think that we stick to the rules (Elaine, frontline staff member, GospelWorks).

We try to be a little different, but like I said, at the end of the day, we have to do what we've got to do to meet the next contract (Kerry, frontline staff member, Faithplus).

We’ve tried to ensure that we did have a point of difference.... I don’t know that we go far enough in terms of that point of difference. The restrictions within the contract mean that you don’t necessarily perform that need to help because of how much administration you’re bound to and everything else that comes with the contract (Sue, frontline staff member, YouthAssets).
One senior manager suggested that statements included in the Request for Tender and messages emanating from the purchaser when calling for tenders seem to indicate that the purchaser has a strong desire to contract with organisations that offer unique services. However, once contracts are awarded, this changes and it is made clear that there is a preference for standardised services. He expressed this view as follows:

I think that the Christian mission and the uniqueness of the special part of that, is desired at tendering time and then I think for the rest of the time, you’ve all got to behave the same. Whether it’s a conscious set of actions by the department or whether it’s that they don’t understand but the message is you’ve got to behave the same as a for-profit does (Jim, senior manager, YouthAssets).

Senior managers and frontline staff were asked if they felt any tension in trying to manage the contract requirements and at the same time focus on delivering services in accordance with their organisation’s mission and values. The majority of those interviewed stated that they do perceive a definite tension in trying to marry the contract requirements with the principles that underpin their organisational mission and values. Only two staff stated that they do not see any tension between the contract requirements and their organisation’s mission. Five interviewees were not sure about how to respond to this question. To illustrate the unanimity and strength of these responses, I have tabulated this data for all organisations see Table 13.

Table 13: Tensions between balancing the Deed with mission: Interview responses

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Not sure</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouthAssets</td>
<td>9</td>
<td>1</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>ConcernLink</td>
<td>10</td>
<td>1</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>GospelWorks</td>
<td>8</td>
<td>0</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Faithplus</td>
<td>8</td>
<td>0</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>35</td>
<td>2</td>
<td>5</td>
<td>42</td>
</tr>
</tbody>
</table>
Those staff that indicated a perceived tension in trying to manage the contract requirements while remaining focused on their organisational values referred to three specific issues that create particular tensions for them as individuals working in this contracting environment. These include the contract prescription, frequently changing and complex rules and unwieldy red tape and administration. The constant need to focus on the compliance aspects of the Deed is seen by several staff to have the potential to obscure or at least challenge the specific mission intentions of church-related organisations, as expressed in the following comments:

I think it [the Deed] has a massive impact on how we deliver our services, and I certainly believe there is a challenge in terms of our own mission and values being, not necessarily at risk, but being challenged constantly because of the way the employment services contract is set up (Sue, frontline staff member, YouthAssets).

The constraints in the system and jobseeker’s requirements enforced by government are the things that we have to take into account. These are extremely complex. So that is something that you think about nine times out of the day whereas the mission side of things you may think of one time out of the day (Narelle, frontline staff member, Faithplus).

It’s just becoming very admin heavy which is taking away from the focus of our role, which is to help people get to where they want to go (Chelsea, frontline staff member, YouthAssets)

The majority of interviewees argued that the prescriptive nature of the contract constrains their ability to provide personally tailored assistance to each jobseeker. They noted that the contract requires jobseekers to undertake prescribed activities that may not be appropriate to their situation. This issue is seen to create conflict for staff as they try to reconcile the requirements specified in the Deed with their organisational values that emphasise the individual worth and unique needs of each individual jobseeker. This sentiment was expressed as follows:
It’s very conflicting, the Deed and what we have to do under Deed conflicts with our organisational values because under the Deed you have to do this, this, this, bang, bang, bang. Our values say but this isn’t what this person needs and so it argues against each other, it makes it really hard, when you are doing an individual plan according to our values but then the Deed says this person has to do this, this and this (Carol, frontline staff member, YouthAssets).

[There are] a lot of tensions with the particular requirements as it doesn’t allow a lot of flexibility for the clients. If they have particular requirements or personal situations, there’s not a lot of flexibility or leeway if they’ve got issues and things (Jenna, frontline staff member, GospelWorks).

It’s like putting a square into a circle. It creates challenges especially when working with people and trying to fit people into a contract and then into a Christian values system; they are all conflicting (Narelle, frontline staff member, Faithplus).

The majority of the personnel I interviewed conveyed a desire to assist jobseekers to find employment in order to enhance their quality of life. They stated that they wanted to make a difference. This accords with the mission intentions they described in chapter 5, reflecting the religious traditions of the parent church. However, they also agreed that the rigid requirements contained in the contract inhibit their ability to deliver a holistic mission. In this sense the normative legitimacy of these organisations is at risk. As expressed by one senior manager:

Holistic mission is curtailed, it’s now as good as gone; there is no scope to deliver a distinctive mission (Paul, senior manager, ConcernLink).

Seven interviewees noted that the key performance indicators (KPIs) articulated in the Deed which ultimately translate into star ratings, also have a significant impact on the way in which contracted employment services organisations operate. The star ratings are publicly released every six months and achieving high star ratings is a key driver for
organisations delivering contracted employment services. Failure to achieve a comparatively high star rating can result in a loss of business, which in turn affects organisational survival. Consequently, the star ratings are seen to strongly influence the behaviour and activities of employment services organisations. The following typifies these responses:

[The Deed] very much dictates the way you go about your business. Obviously star ratings are the key factor in terms of your performance, so from that respect it does play a huge role in terms of how we conduct our business (Gordon, senior manager, GospelWorks).

In describing how the Christian mission should be manifest in their employment services, the church leaders interviewed, referred to the importance of church-related organisations being seen to bring something extra, in both their attitude and delivery of these services.

There is nothing to prevent these organisations from contributing additional funds to support the provision of additional services; however, only one of the four church-related organisations in this study, YouthAssets, contributes monies from its own resources to help to fund their contracted employment services. The indication from the other three organisations is that their contracted employment services are entirely dependent on the monies received from government.

**Mimetic pressures**

Mimetic isomorphism refers to the propensity of organisations to mimic the practices and behaviours of other organisations in the field particularly during times of uncertainty. To identify the existence of mimetic pressures I examined the following three issues:

1. Mimesis resulting from the movement of staff between contracted employment services organisations;
2. Service differentiation;
3. Mimetic pressures arising from the quasi-market.
1. Movement of staff

Organisational mimesis can result as personnel move from one organisation to another within the institutional field. Other studies have found evidence of significant staff turnover within the contracted employment services field as well as movement of staff between contracted organisations (ASU 2011; Finn 2011). Staff movement is attributed to the fluctuations in the business share that occurs as a result of star ratings. Further some organisations may not be successful in retendering for business and this will result in the displacement of staff members, who then tend to join the contracted organisation that wins the business in that region.

Staff can also move if they are unhappy with their current place of employment and have the technical knowledge and skills desired within the employment services industry. Seventeen of those interviewed for this study stated that they had worked for another contracted employment services organisation. This included 16 frontline staff and one senior manager. In addition, six of these frontline staff stated that they had in fact worked for three or more contracted employment services organisations.

I have included these numbers in a table form to provide an indication of the extent of staff movement, see Table 14.

Table 14: Worked in another employment services agency: Interview responses

<table>
<thead>
<tr>
<th></th>
<th>Total number Interviewed</th>
<th>Staff who have worked for more than one employment services provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouthAssets</td>
<td>11</td>
<td>4</td>
</tr>
<tr>
<td>ConcernLink</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td>GospelWorks</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>Faithplus</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>42</td>
<td>17</td>
</tr>
</tbody>
</table>

These 17 people were then asked if they felt that their current organisation was very different from the other contracted employment services organisations they had worked in. The majority, 12 of the 17, stated that in their view all contracted
employment services organisations operate in very similar ways. In particular it was noted that the people who work in these organisations operate from the same basic premise of helping jobseekers and specifically trying to make a difference in their lives, as noted in the following comment:

I’ve worked for two other Job Network organisations in the past and both were not Christian-based or religion-based. They basically still have the same belief that they were there to change the lives of people (Jacob, frontline staff member, ConcernLink).

This sentiment accords with underlying assumptions found in stewardship theory that stewards are motivated by collective or social goals. It is interesting to note, however, as the above comment suggests, that this stewardship assumption can apply to staff working in either church-related or FP organisations.

One interviewee suggested that, given all contracted employment services organisations have the goal of moving people into employment, it is not surprising that they all operate in similar ways. However she did note that working with young people made YouthAssets a little different to other non-specialist organisations:

I think they’re all basically the same. We’ve all got the same outcome we’re all trying to get to. You’re work ready or you’re not, and getting into work and things like that, but with young people I think it’s a little bit more different (Donna, frontline staff member, YouthAssets).

Another interviewee confirmed the proposition that the movement of staff between contracted employment services organisations contributes to the diffusion of common practices:

They’re all very similar. I’ve brought a lot of my practices from where I used to work into my current role (Narelle, frontline staff member, Faithplus).
One of those interviewed, had worked in her current organisation for over 10 years and noted that in her view the organisation was distinctive in the early days of Job Network. However she stated that the need to compete with other organisations within the field had resulted in her organisation developing similar practices to their competitors. This supports the theory that mimetic pressures are particularly noticeable during times of uncertainty (DiMaggio & Powell 1983), she stated:

I think in the past we have [been distinctive] but I think now we are just moving closer to the other organisations through a need to compete (Melissa, frontline staff member, GospelWorks).

A minority of interviewees stated that they believe that their current employer, the church-related organisation, is different to other contracted employment services organisations in which they have worked. That difference according to these interviewees is evident in the way jobseekers are treated. These interviewees suggested that church-related organisations cared more for jobseekers. However, when pressed to provide examples of how the value of caring was manifested in tangible ways, they found it difficult to provide anything more than a suggestion to ask jobseekers. Several suggested that some jobseekers volunteer this information when they attend for interviews:

They [jobseekers] come back and let us know how their family is going and what success they’ve had and I think that shows they believe we are here and that we care (Terri, frontline staff member, YouthAssets).

These interviewees also argued that the underpinning values of the church-related organisation influences the approach taken to service delivery and this results in them delivering different and better services to jobseekers:

I think we probably provide a better service because we’ve got that values background (Amy, frontline staff member, Faithplus).
These views, however, are contrasted with the views of other interviewees who also had previously worked with for-profit contracted employment services organisations. These interviewees explicitly made the point that people who work in for-profit contracted employment services organisations have similar attitudes and commitment towards jobseekers as those who work in church-related contracted employment services organisations, thereby suggesting that the intrinsic motivations of stewardship apply regardless of the organisational type. The following comment typifies their response:

One of the best ECs I’ve ever seen works for [name of a for-profit organisation], she has a great heart and that’s the difference. It comes from her as opposed to her organisation (Emma, frontline worker, ConcernLink).

While several of those interviewed confidently stated that church-related organisations provide a ‘more caring’ approach, the remarks relating to personnel who work in for-profit contracted employment services organisations suggest that this is not necessarily the case. It could therefore be argued that a key contributing factor in the way jobseekers are treated is the attitude and personal motivation of the individual case manager.

Given the high levels of staff movement within the contracted employment services field, for example 17 people or 40 per cent of those interviewed in this study have worked in other contracted employment services organisations, it could be surmised that these staff would demonstrate a caring approach towards jobseekers, regardless of the particular classification of the contracted employment services organisation. As noted by Jeavons the propensity to do good works does not necessarily come from a Christian motivation; many people who are not from a Christian or religious background, operate from a heart of compassion and give ‘altruistic service’ (Jeavons 1994, p.50).
2. **Service differentiation**

Those interviewed were asked if their organisation delivers any unique services or services that are different to those provided by other contracted employment services organisations. The responses are presented in Table 15.

**Table 15: Does your organisation provide unique services? - Interviewee responses**

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Not sure</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouthAssets</td>
<td>9</td>
<td>0</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>ConcernLink</td>
<td>3</td>
<td>7</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>GospelWorks</td>
<td>1</td>
<td>5</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Faithplus</td>
<td>4</td>
<td>5</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>17</td>
<td>17</td>
<td>8</td>
<td>42</td>
</tr>
</tbody>
</table>

Seventeen of those interviewed stated that they felt that their organisation does provide unique services and 17 stated that the services delivered by their organisation are the same as or very similar to those offered by other contracted employment services organisations. Eight interviewees indicated that they were not sure what other organisations deliver and therefore could not comment either way.

While the yes and no responses to this question appear to be evenly split, the breakdown of responses by organisation reveals a more nuanced picture, particularly in the analysis of those who responded in the affirmative.

One organisation, YouthAssets, stands out in that the majority of those interviewed from this organisation stated that they do provide services that are unique and this distinguishes YouthAssets from other contracted employment services organisations. This is perhaps unsurprising when it is recalled that YouthAssets is a specialist youth provider and the unique service proposition offered by this organisation relates specifically to their area of specialisation, i.e. this includes specialised youth support workers as well as placement opportunities for young people in the social enterprises operated by this organisation:
YouthAssets is different, like I said they concentrate on the younger people, 16 to 24 year olds. That’s where they’re concerned they’re a specialist service (Libby, frontline staff member, YouthAssets).

We really focus on a wrap around service, we have youth workers and we have counsellors on site. All our programs are created in such a way that a young person can succeed and that success may just be that they come for five days, as opposed to two days (Terri, frontline staff member, Youth Assets).

Turning to the other three church-related organisations. A minority of those interviewed, eight people in total, stated that their organisation provides unique services; this included, three from ConcernLink, one from GospelWorks and four from Faithplus. The examples of the types of unique services provided are outlined in Table 16.

Table 16: Unique services as described by interviewees

<table>
<thead>
<tr>
<th></th>
<th>Vocational training</th>
<th>Psychology services</th>
<th>Youth workers and social enterprises</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouthAssets</td>
<td>0</td>
<td>0</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>ConcernLink</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>GospelWorks</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Faithplus</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
<td>5</td>
<td>9</td>
<td>17</td>
</tr>
</tbody>
</table>

Those interviewed from ConcernLink, GospelWorks and Faithplus, noted that their organisation provides specialist counselling or psychologist services and accredited training delivered in-house through their own Registered Training Organisation (RTO). These services were put forward as examples of unique services.

However, I found that these examples didn’t withstand scrutiny as being particularly unique amongst the services offered by contracted employment services organisations broadly. A content analysis of the websites of twenty non-religiously based contracted
employment services organisations confirmed that vocational training is provided by most employment services organisations and several also provide allied health services including specialist counselling or psychology services.

For example Max Employment, a large for-profit contracted employment services organisation provides access to accredited psychologists, counsellors, occupational therapists and as a Registered Training Organisation delivers accredited training (Max Solutions 2014). Sarina Russo Job Access is another for-profit organisation delivering contracted employment services that provides access to accredited training through the Sarina Russo Institute as well as specialist health services such as psychologists and allied health professionals (Sarina Russo Job Access 2014).

Furthermore, it was stated that these services are financed through the Employment Pathway Fund, which is an option open to all contracted employment services organisations. This data suggests that even though eight of the 31 people interviewed from ConcernLink, GospelWorks and Faithplus believe their organisation provides unique services; there is no evidence of any real difference in the services offered by these church-related organisations. The youth specialist church-related contracted employment services organisation is an exception, offering unique types of services that target the specific needs of young people, this being the group they are contracted to assist.

A conclusion that might be drawn from this is that if church-related organisations do want to differentiate themselves from other organisations in the field, one way in which to do this is by developing specialist experience either with a specific cohort of clients or focusing on specific geographic areas of social disadvantage. Indeed senior managers from YouthAssets noted that they have developed specific tender bid strategies that enable them to remain focused on providing services to the most disadvantaged. They argued that they do not bid to deliver services in more affluent geographical areas, choosing to focus on suburbs that have a high concentration of socially and economically deprived families and young people.
While the Deed does not prohibit contracted employment services organisations from delivering services that are additional to those prescribed, this study found that three of the four church-related organisations did not provide supplementary services. The majority of those interviewed suggested that resource constraints resulting from a tightened financial situation means that their organisation only provides the services that the purchaser pays for. This seems to refute the claims made earlier in relation to church-related organisations ‘going the extra mile’ and doing more than they are required to under the contract.

3. Mimetic pressures arising from the quasi-market

The following findings are derived from the responses of senior managers and frontline staff as well as the church leaders interviewed from the four church-related organisations. The specific focus of the analysis relates to the impact of the commercial elements associated with the employment services quasi-market on the culture and values traditionally associated with church-related organisations and the potential this creates for these organisations to deviate from their original mission.

Those interviewed were asked to comment on the danger of their organisations being perceived as a commercial business given that they operate within quasi-market conditions. All of the interviewees acknowledged that there are definite pressures associated with the commercialisation of employment services. Several referred to the tensions created internally as they endeavour to come to terms with the business model. One church leader noted that some of their board members felt that the business approach challenged their traditional approach to delivering services in accordance with their Christian mission:

The board has grappled with, I suppose what you might call the business model as opposed to the mission model.... some board members who are absolutely passionate about mission said that if [GospelWorks] went the way of business as opposed to mission then why would we stay in it (Michael, church leader, GospelWorks).
It would appear that the business growth and survival strategies of these organisations play a key role in shaping the internal culture of the organisation. Several of those interviewed acknowledged that they are becoming more commercial in their focus, maintaining that this approach has been taken to ensure the ongoing survival of their organisations. However, it was also noted that this had created internal pressures within their organisations:

But I think it’s a real tension and the fact that, for all intents and purposes, the job services model is a business model, it is a profit model, it is a genuine tension in [YouthAssets] because the expectation and indeed the budgeting process which is driven by the JSA team, is a very challenging one in that their budget struggles to become reality and then it places a lot of tension on the program and the board of directors (Tina, senior manager, YouthAssets)

The way contracts are now administered it’s put an awful lot of pressure and a lot of our focus now at the board level is inevitably focused on the bottom line, and it’s not that we are profit motivated whatsoever; but the pressure, the greater pressure is because we’re struggling to keep above not below (Timothy, church leader, GospelWorks).

Several of the frontline staff interviewed expressed frustration and concern at being constantly reminded by management about the tight financial situation, or as one interviewee expressed it the need to ‘get back into the black’. It would appear that the messages emanating from the management that constantly reinforce the business imperative of achieving targets has had the effect of embedding the notion that the organisation is at risk of closing. As a consequence, it would appear that frontline staff members in these organisations are feeling insecure about their ongoing employment. This focus seems to be particularly pronounced in three of the organisations in the study, ConcernLink, GospelWorks and Faithplus. Some of those interviewed stated that they had detected this change in emphasis within their organisation in recent years:
And they make it clear, like if you don't get a certain amount of people into work then you're going to be shut down. And it feels like it's about the money now, they're like you need to have all these initial appointments and you need to get more flow which gives us more money. But it's a business and at the end of the day if you're not making money then we'd have to close down (Elaine, frontline staff member, GospelWorks).

If we don’t meet our targets then we have to close, targets are drummed into us on a daily basis. Everything is a numbers game now, not just our organisation; it’s everyone else (Kerry, frontline staff member, Faithplus).

In the last four years [ConcernLink] has changed a lot and that’s based on funding. We’ve stripped back to bare minimum and that’s to make sure that we make money (Mary, frontline staff member, ConcernLink).

Moreover, the church leaders referred to the entry of for-profit firms into an area that had traditionally been the domain of not-for-profit and church-related organisations. Concern was expressed about the introduction of market values such as competition and efficiency or doing more with less, into the area of welfare service provision. Church leaders maintain that in funding church-related groups to deliver welfare services there is a significant benefit to government and community. Any surpluses derived from their contracted employment services are used to fund other church welfare services. This in turn enables churches to provide poverty relief and other services that may not attract government funding. However, as noted by the following comments, they suggest that there is little appreciation of the significant additional contribution made by church groups:

There doesn't appear to be this appreciation of what else they get for their dollar (Timothy, church leader GospelWorks).

Those church leaders interviewed stated that their focus on values such as thrift and responsible stewardship means that they are able to deliver critical community services at little or no cost to government. Without this commitment, they contend
that the cost of welfare service provision would rise significantly in Australia. One leader alluding to the added value that he believes church-related organisations make stated:

I personally think that you shouldn't provide social welfare programs for government with any profit motive where stakeholders are directors. I think that's questionable as to whether this should really happen, or if it does happen, let it really happen, be open about it and that's the end of the not-for-profit contribution and if that happens I can guarantee the government budget will burst through the ceiling. They'll have to find more money to run welfare programs (David, church leader, Faithplus).

The rationale for embracing a business-like approach in these church-related organisations appears to lie in their view that they perform an important role within the field of contracted employment services when compared to the role performed by for-profit companies. Indeed those interviewed were keen to differentiate their approach to jobseekers from the approach taken by for-profit contracted employment services organisations. They suggested that if church-related organisations vacate the employment services field, market values would become more evident as the for-profit organisations take over.

One senior manager noted that while he believed that management strategies were firmly focused on the needs of jobseekers, he acknowledged that staff probably had a different view. He argued that the actions of management in increasing the focus on key performance indicators and financial targets was essential to ensure the organisation’s sustainability and in that sense justifiable:

I mean we obviously feel that we’re not going to compromise that although some of our staff probably don’t agree, some of our staff think that we have become very much dollar driven. But at the end of the day if we fail to be financially sustainable and go out of business, where do you deliver on mission then? You’ve just given it up to a for-profit organisation. So it’s trying to keep that delicate balance, which we are finding in some areas is
a probably difficult at the moment. Because there is obviously a re-
emphasis on making sure we are financially sustainable whilst still
maintaining the values (Gordon, senior manager, GospelWorks).

However, becoming more business-like and focusing primarily on the bottom line is
clearly creating tensions at all levels within these church-related organisations. The
responses from the majority of frontline staff in GospelWorks confirmed that they do
believe that their organisation is too dollar driven. They stated that they feel under
constant pressure in their daily dealings with jobseekers; indeed, this view was shared
across all of the organisations in the study.

Frontline staff commented that the changing emphasis towards a focus on targets has
impacted on the way they deliver services. Some suggested that the services delivered
have become more engineered as their organisation implements new efficiency driven
measures in an effort to realise savings. They argued that it feels like they are working
on a process line. Others stated that the time they had to work with jobseekers had
been reduced, thereby creating a more pressured environment.

They’re constantly reminding us about the outcomes and placements,
which obviously generate the income and that. I would see it more of a
business, yes, ‘cause sometimes I almost see myself, where I’m seeing
clients one after the other every day, it’s almost like a process line (Jenna,
frontline staff member, GospelWorks).

It was different when I started, six years ago. I think it was a little bit more
relaxed. It wasn’t as stressful. We had more time to spend on certain
people. Obviously we have very, very disadvantaged jobseekers up to job-
ready people so it’s, yeah. I think at the time now, we just don’t have as
much time and obviously targets are getting higher, so we can obviously
make our money to keep the business running (Shirley, frontline staff
member, Faithplus)
Referring to market type values, one senior manager expressed concerns about what he sees as the commodification of people within a system that is very much process driven. He argued that it is becoming increasingly difficult for mission-based organisations to operate in this type of environment:

We have got to a point now where we seem to be treating people as a piece of data in a macro-economic puzzle, that’s all they are. You don’t have to turn every person and every client into a commodity that is channelled through a production line and spat out at the other end like an over processed piece of food that no one wants to have anything to do with. That to me is what is going on at the moment. Bottom line for us is that this has become incredibly difficult. There is no sense that there are great opportunities to be a mission-based organisation from a Christian or any other faith at all. It is a churn; it is turning unemployed people into commodities. I’m having trouble seeing a future for us in this (Paul, senior manager, ConcernLink).

The general consensus from all of those interviewed was that while they do not feel comfortable with the business approach, they realise that in order to survive in what they see as a very competitive, business environment, adjustments have to be made. Indeed the majority of frontline staff interviewed suggested that church-related organisations have no option but to embrace the market principles under which the contracted employment services operate:

I believe that they [church-related organisations] got into employment services because the mission is helping disadvantaged people. But at the end of the day also, just like any other organisation, if you’re not profiting or if you’re not in the black, then of course it’s too much of a risk (Jacob, frontline staff member, ConcernLink).

It would be nice to think that Christian organisations could remain in the industry and deliver it in a different way but there are too many constraints to choose your delivery. Your delivery has to be around financial gain and
it’s too competitive, if you’re not making your money and you’re not competitive, well you may as well just not do it (Melissa, frontline staff member, GospelWorks).

The majority of the frontline staff interviewed acknowledged that contracted employment services have become more business focused and as noted, pragmatically accept the need to focus on income and expenditure. However, the view was also expressed that in church-related organisations there needs to be a balance between being faithful to the organisational mission and values and operating in a business-like manner. In some instances the balance appears to have shifted to favour the business side, as evidenced by the following comment:

There’s a lot more push on targets and success but that’s the business side of it. You have to have that balance but sometimes it’s a bit out of balance, (Beth, frontline staff member, Faithplus).

**Potential for mission compromise**

The majority of those interviewed strongly agreed that over the period of outsourced employment services, since Job Network began in 1998, there has been a significant shift in the way the providers have been resourced and managed by the purchaser. This has created an environment in which they believe the mission of church-related organisations is at risk of being undermined:

It’s very painful now that government has moved to a kind of a business model whereby they are contracting these services out and we are now competing with one another in a competitive marketplace for work and I think that this has thrown us into a state of confusion (Timothy, church leader, GospelWorks).

However, despite their stated concerns about the encroaching business model, some of the church-related organisations seem powerless to resist. Indeed the leaders of these organisations appear to have been swept along and feel compelled to actively
embrace a business approach. This confirms the presence of mimetic pressures that create the propensity of organisations to copy the practices and approaches of those organisations considered to be the leaders in the field, particularly in competitive environments. The church leaders from GospelWorks indicated that they felt that the focus within their contracted employment services arm had drifted from its mission intentions of caring for people to being more concerned about business imperatives as a consequence of the competitive environment:

In our organisation, staff have probably lost the balance between getting people into jobs and mission; we are now becoming more focused on KPIs to get the money in (Timothy, church leader, GospelWorks).

It’s become so competitive and then when the profit takers moved in, even more so that I’ll be very honest here, I think the focus was lost. And you could say partly because of the competitiveness (Michael, church leader, GospelWorks).

One church leader suggested that church-related organisations needed to guard against becoming overly immersed in the commercial or corporate aspects of the business model. He stressed the importance of church leaders being informed by what is happening at the grassroots level within their organisations, suggesting that ‘If you’re not, then after a while you will just become a third arm of government’ (Phillip, church leader, ConcernLink). He also provided a cautionary note on churches becoming too dependent on government funding and continuing to deliver services, even when there is a sense that these services are no longer helpful in fulfilling the church’s mission:

I think the temptation is that you start to become addicted; this is the other thing that I think churches have to always be careful of, becoming addicted to government funding (Phillip, church leader, ConcernLink).

Two of the organisations in this study, YouthAssets and Faithplus, noted that they believe they have been able to guard against mission compromise and loss of
autonomy to some extent primarily because they have not become overly dependent on the funding from these services. In one of these organisations, YouthAssets, it is suggested that this is because the board insists on the organisation acquiring funds from independent sources as well as from government. Moreover, senior managers in YouthAssets suggest that the organisational identity is not linked solely to the contracted employment services, rather they see themselves first and foremost as a charity that happens to deliver contracted employment services:

Because we are independently funded predominantly and that is a position that has been very much driven by our board, it releases us from a lot of the tensions of government funding, so the independence of our programs is critical (Tina, senior manager, YouthAssets).

Our mission outcome is sustainable change in their lives, subsets of that are about employment. So we’re not a Job Services Australia (JSA) provider; we’re a charity with a JSA arm because employment meets the needs of the charity (Jim, senior manager, YouthAssets).

In the other organisation, Faithplus, decisions have been taken to contain the growth of their employment services arm. These services constitute a small percentage of the overall service offerings from this church-related organisation:

The employment services contract makes up about five per cent of our business by volume. So it doesn’t have a particularly prominent place in our organisational strategy. It’s a key part as we seek to provide holistic services, so we seek to respond to the entire dimension of human need that we see. It’s a key part of that strategy, but it’s not a driver of organisational policy (Charles, senior manager, Faithplus).

The church leaders and senior managers in each of these two organisations spoke about the importance of maintaining a service that reflects the essence of their organisational mission and identity. The following comment typifies their responses:
I don’t think you should ever lose your essence. You should never be ashamed of who you are. I think it’s critically important that if you’re in this business that you have your own stamp on it; that when people come into a YouthAssets service site they know, and feel they are coming into a YouthAssets program (Tina, senior manager, YouthAssets).

They also referred to the importance of being true to their organisational values as a priority and being careful not to focus purely on the growth of the organisation. This avoids the challenges posited by Jeavons (1994) in relation to church-related organisations that risk compromising their original purposes when they pursue funds purely in relation to organisational growth or survival. The church leader from Faithplus expressed this as follows:

Make sure that you don’t go out and out for money. If the goal is, we are going to go for growth at any cost; then you will sell yourself short, because at times you will not examine the cultural issues that lie in there (David, church leader Faithplus).

One of the senior managers in this organisation, made a similar observation, suggesting that he was aware that some church-related employment services organisations have in his view drifted from their original purposes:

As a Christian organisation moves away from being about the outworking of its faith and becomes about delivering a service, it starts to drift and just becomes indistinguishable from a not-for-profit service delivery or a commercial one. I don’t see that drift happening in [Faithplus], but it’s certainly something I’ve observed across the sector (Charles, senior manager, Faithplus).

The challenges that are associated with the delivery of contracted employment services in the competitive quasi-market have created significant internal debate within the four church-related organisations in this study. Church leaders from each of these organisations noted that they have at times considered the appropriateness and
viability of their continued involvement in contracted employment services. I asked each of the church leaders what might cause them to withdraw from these services.

Each of them stated that if the involvement in contracted employment services compromised their religious values and if the characteristics of the Christian mission were not evident, they would withdraw. The following comments typify these responses:

But if it loses the mission focus and it's so dollar driven and I'm not talking about profit. But so tight for funds that we can't fulfil the mission, we can't spend the time for example with the client. Well why are we in it? Let the others do it (Michael, church leader, GospelWorks).

When asked how they would know if their mission or values had been compromised, these leaders indicated that because their values are ingrained in their organisational culture, they would have a good sense when it was time to exit. However they noted that they rely on advice from their senior managers in this regard.

A church leader from one organisation, ConcernLink, indicated that their organisation was currently finalising the decision to exit the field of contracted employment services. He stated that he believed the organisation had fulfilled its purpose within this field and that it was time to move on to other areas where their services may be more needed:

If there's any sense that we have to compromise our basic religious values to achieve an aim for the government, then we're not meant to be there any longer because we can only do what we do because of what we believe. ... I think, for us, we have done what we were meant to do in [the employment services] sector (Phillip, church leader, ConcernLink).
Conclusion

In this chapter I have examined the extent to which isomorphic pressures within the employment services contracting environment have the potential to erode the distinguishing features of church-related organisations that church leaders consider to be the hallmarks of the Christian mission. In analysing the impact of the three specific mechanisms that create isomorphic change; coercive, mimetic and normative pressures, I found evidence of coercive and mimetic pressures. While the potential exists for normative isomorphism, the evidence of normative tendencies was less apparent than the adaptations that have resulted from coercive and mimetic pressures.

Coercive pressures are prevalent and have significantly shaped the way in which the four church-related organisations deliver services. These pressures stem from the need to adhere to the prescriptive requirements of the Deed. The rigid rules and regulations are seen to be restrictive and result in creating a degree of similarity between contracted employment services organisations.

Moreover, the church-related organisations in this study report tensions in trying to marry the tightly prescribed Deed requirements with their organisational mission. These tensions are not unique to church-related organisations and indeed have been cited in other research on contracted employment services (Considine et al 2011). However, several of those interviewed noted that they feel that the Deed constrains their ability to deliver holistic services that are often cited as the hallmark of Christian welfare services.

Mimetic pressures are particularly evident during times of uncertainty and cause organisations to emulate the practices of other organisations to gain legitimacy and ensure survival in the field. The competitive nature of contracted employment services creates a particularly insecure operating environment. Contract share can be reduced if an organisation fails to achieve high star ratings and given to a higher-ranking organisation. A significant number of organisations have lost business throughout the contracting period and many of these organisations have subsequently ceased to exist.
Mimetic pressures appear to be present within this institutional field, resulting in contracted employment services organisations replicating the services offered to jobseekers. The movement of staff between contracted organisations contributes to mimesis and appears to accelerate the diffusion of common practices throughout the contracted employment services field.

Of particular concern to church groups, is the mimetic pressure to emulate the practices of competitors and become more business-like in their approach. Some church leaders suggest that the way in which government now funds employment services places considerable pressure on church-related organisations, which may ultimately end in the loss of the altruistic service traditionally associated with church agencies. Their responses indicate that it is external forces that have shaped the employment services environment and they are powerless to change this.

The role of government in shaping the environment is examined in the next chapter in the context of principal-agent theory. This includes an examination of how the principal-agent relationship between the purchaser and contracted employment services organisations influences the behaviour of the four church-related organisations under consideration. This is contrasted with the nature of the relationship between the church-related organisations and the parent denomination to determine the extent to which the services delivered by the employment services arms are integrated with the activities of the parent church.
Chapter 7: Who is calling the shots: the parent church or the purchaser?

Introduction

In examining the principal-agent model, this chapter investigates the relationship between the purchaser and the four church-related organisations compared to the relationship between these organisations and their parent denomination. Central to this investigation is the way in which the increasing prescription in the Deed has influenced the relationship between the purchaser and contracted organisations. In multiple principal relationships, the agent is likely to gravitate to the principal who is seen to have the greater control and specifically whose incentives are stronger (Grossman & Hart 1983). The increased specification in contracts can have the effect of shifting the organisational focus towards the purchaser and away from the legitimate internal governing authority (Nowland-Foreman 2000).

In contrasting the relationship the organisations in this study have with the purchaser compared with the relationship they have with their parent church, I conclude that the purchaser has a stronger influence on the behaviour and activities of these organisations than the parent denomination. This has the potential to challenge the legitimate authority that churches have in respect to their employment services arms, or at the very least pull these organisations away from the broader denominational activities.

The changing nature of the contract

There have been six contracting periods since the commencement of Job Network in 1998 and several of those interviewed have worked within the JN/JSA construct for more than a decade. These interviewees remarked that they have observed significant change in the way in which the purchaser administered the contract in the earlier contracting periods, when compared to the experience of the 2012-2015 contracting period. In particular they note that the degree of control exerted by the purchaser has
become more pronounced and the services increasingly prescribed. Typical comments include:

[The Deed] has certainly become tighter, hate to live in the past but the earlier versions provided a model where you get funded and there was more distinctive service. Now every single step along the way is quite controlled and the compliance regime around that and being held accountable (Dennis, senior manager, Faithplus).

Since the introduction of the APM in 2003, the employment services model has evolved into a transaction based approach where payments are dependent on the completion of specified activities or transactions. In this model, the purchaser requires the contracted employment services organisation to produce concrete evidence to verify claims for payment. For example to verify a job outcome claim, the organisation is required to produce a series of pay slips that relate to each individual job placement.

This degree of scrutiny reflects the purchaser’s need to ensure accountability for public expenditure. However, it was stated that the transaction based approach to service delivery, restricts the ability of staff to work holistically with individual jobseekers as evidenced by the following comment:

The micromanagement of what can be claimed and when it can be claimed and what’s claimable and arguing with the government about individual transactions that make up the service, which means it’s very difficult for a local staff member or manager to do anything involving the totality of a person’s needs because they’re just responding to clauses within a contract (Charles, senior manager, Faithplus).

It was also suggested that the need to provide proof of placements has the potential to damage ongoing relationships with busy employers who resent being called on to provide evidence that will validate the provider’s claim for payment. Indeed some of those interviewed cited examples of employers not being available to provide the required proof within the prescribed timeframes. It is evident that these issues are
creating a significant degree of frustration for staff working in contracted employment services organisations:

It’s horrendous now, nobody trusts anybody any more and this huge paper trail when someone gets a job you’ve got to get two signatures; one from the jobseeker, one from the employer to validate that that’s true and then at the end of 13 weeks and 26 weeks we’ve got to get more documentary evidence to prove that the jobseeker is still working there and the hours that they worked. It’s so intrusive and I mean who after six months wants to still be connected? (Lenore, frontline staff member, ConcernLink).

While some researchers have been critical of the lack of transparency and accountability within the employment services contracting environment (Mulgan 2006; Oslington 2003) from the perspective of the contracted organisations there is an accountability overload arising from what they regard as excessive red tape. The extensive set of rules and requirements governing contracted employment services organisations has become increasingly complex, so much so that all of the organisations in this study have found it necessary to establish their own internal contract compliance and audit departments. The primary role of the staff working in these internal departments is to provide advice to frontline service delivery staff on the intricacies of the Deed and to ensure that all activities and transactions comply with contractual obligations. This increases the costs to the provider organisation.

We can interpret the micromanagement of contracted organisations as a way in which the purchaser attempts to address the informational asymmetry problem described in principal-agent theory. However, the majority of those interviewed regard the administration requirements as unnecessary compliance tests that create burdens for jobseekers as well as contracted employment services providers. This notion expressed by one frontline staff member as follows:

We’re very much tied up with administration and putting job seekers through hoops and going through hoops ourselves (Marshall, frontline staff member, GospelWorks).
During the interviews there were repeated comments relating to complexity of the rules and the potential this creates for employment services staff to inadvertently breach the guidelines. In these instances the purchaser is seen to act in a heavy-handed manner and this in turn is seen to create a rule-bound and risk-averse culture. The following comments reflect the combative relationship that develops as a consequence of the principal-agent approach to contracting:

[The Deed] is very dictatorial in shaping [the rules] and the punitive action that government takes if you do step outside what they deem is the boundaries or the guidelines or you do something wrong (Steven, senior manager, GospelWorks).

If you don’t comply, then you get your wrists slapped or your palms slapped, and there is what they call a KPI-3, which is all about quality and quality can be measured, let’s say, in terms of complaints, but it is also measured by adhering to the contract, following procedures (Jacob, frontline staff member, ConcernLink).

The majority of interviewees acknowledged that the increasing focus on administrative compliance has evolved in part because some providers have behaved opportunistically in the past. The purchaser then responds by tightening the rules that apply to all organisations contracted to deliver employment services. Those interviewed argued that it was unfair to unilaterally change the contract conditions for those organisations that did not succumb to post-contractual opportunistic behaviour. The following typifies the views expressed:

Some organisations have done the wrong thing and DEEWR has come down hard which is fair enough but we’re all paying the price (Beth, frontline staff member, Faithplus).
Principal-agent relationships and lack of trust

Senior managers and frontline staff were asked to describe how they perceive the relationship between their organisation and the purchaser. Several commented on the lack of trust within the contracting environment. They expressed the strongly held view that the purchaser doesn't trust contracted employment services organisations as encapsulated in the following comments:

The biggest issue is there is no trust, the department does not trust its providers, it’s not a partnership and it's a difficult one, I understand it from the department’s perspective, but they do need to provide greater flexibility (Bob, frontline staff member, YouthAssets).

[The purchaser] certainly comes from a place of distrust. Someone explained it recently at a conference talking about trust with the government and saying if someone comes to your door and you don't know them you ask questions, what’s your ID, who are you, where are you from, and you probably won't let them in. If they come in and you've known them for five years you don't ask any of those questions, you say come inside straight away. Yet the government treats us all in the first example. They treat us like we’re strangers at the door (Dennis, senior manager, Faithplus).

The lack of trust reflects the purchaser’s adoption of the principal-agent approach to contracting. However, these comments reflect a desire for the purchaser to apply the assumptions underpinning stewardship theory to these organisations and therein exercise greater trust rather than adopting a command and control approach commonly associated with principal-agent theory. One senior manager suggested that the approach taken by the purchaser creates tensions for church-related organisations whose motivation to assist the unemployed is deeply embedded in their organisational values:

There are genuine tensions with a model that I believe is very much out of balance, it’s very driven by compliance. It’s almost driven by a punitive
mindset where the entity that is delivering the service and indeed the client group are often viewed as needing to be protected from doing the wrong thing. It doesn’t seem to be driven by a model of positive, of trust or recognition of the value of and indeed the experience that the service provider is bringing. Our organisational values are very important to us, we’ve gone to a lot of trouble in their development and their articulation into behaviours and perhaps the things that we would expect and want to provide to jobseekers, don’t naturally align themselves to a model that’s very, very prescriptive (Tina, senior manager, YouthAssets).

This comment indicates that this manager views her organisations as inclining towards a steward position rather than an agent. She argues that her organisation is intrinsically motivated to make a positive impact in the lives of the young people they seek to assist. Her comment demonstrates the frustration that arises when the principal treats the organisation as an agent, rather than recognising and respecting the altruistic motivation of steward. As described in the model developed by Davis et al (1997) referred to in chapter 2, this dissonance is likely to have an adverse reaction on this organisation’s relationship with the principal.

The power differential that has developed between the purchaser and the contracted organisations was emphasised in the responses from the majority of those interviewed. The asymmetry of information evident in the early days of contracted employment services appears to have been neutralised with the purchaser now having the ability to scrutinise all transactions. Those interviewed argued that this enables the purchaser to wield total control over the contracted agents. This creates a level of intimidation, particularly in light of provider’s concerns that non-compliance with the complex and bureaucratic rules could result in them losing their source of funding. This sentiment is summed up in the following comments:

We have to dot the i’s and cross the t’s, so everything starts with what the requirement is. The guys that control us [the purchaser] could ring up and say, ‘could you please go down and shut your door and switch off your server’, and say, ‘that’s it and we’ll work out the rest in court’, or
something, however that works. They hold all the cards (Warwick, frontline staff member, GospelWorks).

We sing and dance the tune of the department, and then connected to the church - it's very hard to identify the spiritual side and so forth. Even the mission comes second to survival in this (Marshall, frontline staff member, GospelWorks).

The majority of those interviewed noted that the messages emanating from the purchaser constantly reinforce its dominant position and they, as contracted service providers feel they are in the subservient role. In fact in describing the relationship between the purchaser and contracted employment services organisations, several interviewees from three separate organisations used the language of ‘master/slave’. Noting that while the purchaser uses the rhetoric of partnership, they as contracted providers are not in a position to question any of the directives from the purchaser.

The following comment expresses the powerlessness that is felt when the purchaser makes constant changes to procedural guidelines. These changes often involve increased scrutiny by the purchaser of specific aspects of provider behaviour to address issues arising as a result of a perceived moral hazard problem:

We’re not in a position of bargaining, they keep moving the goal posts, in four years they have moved their goal posts so many times (Mary, frontline staff member, ConcernLink).

As well as being in a principal-agent relationship with the purchaser, church-related organisations are also in a relationship with the parent denomination. Although this may be perceived as a putative principal-agent relationship, in effect the relationship between churches and their agents could be more accurately characterised as a principal-steward relationship. The fact that these agents are required to deliver services in accordance with their church’s mission, places them in a position of stewards of that mission. They are entrusted, by the church leaders, to be faithful to the mission and values of their church in providing support to the unemployed.
The contracted employment services delivered by the four church-related organisations in this study are part of a broader range of welfare services provided by each parent church. This means that these four organisations are engaged in multiple stakeholder relationships with the parent church being but one. The structure and governance arrangements within these organisations can have an influence on the strength of internal relationships. The diversity of these arrangements is outlined below:

- ConcernLink and GospelWorks are governed through a hierarchical denominational model and have the opportunity to link to one or more parishes/congregations as well as other welfare services delivered by their church.

- Faithplus was originally established as the employment services arm of a denominational church; however, their existing employment services sites are now geographically removed from the church locale.

- YouthAssets has its own unique governance structure, in keeping with the frameworks established for Religious Orders. While part of the Catholic denomination, the structure and governance does not provide for a direct link to any specific parish or congregation. However the contracted employment services have the capacity to link with the other welfare arms established within this organisation.

**Which relationship has a stronger influence: purchaser or parent church?**

The powerful influence of purchaser relationship has the potential to draw church-related organisations away from the demands of the parent organisation causing them to interact primarily with the other organisations in the organisational field. This in turn may attenuate the links to congregations and other services delivered by the parent organisations. This issue was examined during the interviews with senior managers and frontline staff in the four church-related organisations. Specifically
interviewees were asked if they felt that their connection to the purchaser is stronger than the connection to the parent organisation. The response data is presented in Table 17.

Table 17: Interviewee views on which relationship is stronger: church or purchaser

<table>
<thead>
<tr>
<th></th>
<th>Connection to the purchaser stronger</th>
<th>Connection to the parent organisation is stronger</th>
<th>Not sure</th>
<th>Varies from site to site</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouthAssets</td>
<td>0</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>ConcernLink</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>GospelWorks</td>
<td>8</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Faithplus</td>
<td>8</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td>6</td>
<td>4</td>
<td>6</td>
<td>42</td>
</tr>
</tbody>
</table>

In three of the church-related organisations, that is, ConcernLink, GospelWorks and Faithplus, the majority of those interviewed were unequivocal in stating that the connection to the purchaser is stronger. They felt that the purchaser has a more powerful influence on their operations than the parent organisation/denomination, as expressed in the following comments:

I’d say DEEWR. I mean, as an individual I have a compassionate side and I understand the values; but DEEWR, most definitely because they are the ones that have the power to shut us down (Kerry, frontline staff member, Faithplus).

Most certainly DEEWR because you see it, it’s there in front of you every minute of the day (Curtis, frontline staff member, GospelWorks).

I think the Department of Employment is front and centre of mind more than what the church is. I think [staff] forget at times that they work under the banner of the church because of the way the contract is administered, because of the fear of the sanctions if you get something wrong (Steven, senior manager, GospelWorks).
DEEWR because they’re the ones calling the shots and that’s who we have
to work for, they’re paying our wages so we have to do the right thing
(Beth, frontline staff member, Faithplus).

The powerful influence of the purchaser appears to be less evident in YouthAssets,
where five of those interviewed stated that the connection to the parent organisation
is stronger than the connection to the purchaser. One of the senior managers
indicated that the organisation endeavours to integrate all the services they deliver to
young people and as such she suggests that the staff delivering contracted
employment services in YouthAssets are likely to feel a strong sense of connection to
the broader organisation:

Ours would be more connected to [YouthAssets] because of the
relationship with our other programs, so say for example our
literacy/numeracy mentoring or our social enterprises, or our arts
programs and things. There’s a far more interconnectedness and also
because other programs are operating at the sites that they share a
connectivity. I think that allows staff to feel part of a bigger entity, that
they have additional tools at their disposal and perhaps allows it to not be
as isolating in the context of, this is a business and we run it as a business
and we’re isolated to that particular function (Tina, senior manager,
YouthAssets).

However, while the employment services staff may feel connected to the
organisation’s other welfare services, there is no apparent link to the broader religious
denomination that YouthAssets is a part of and no connection to local parishes or
congregations. As noted, YouthAssets is governed within a Religious Order structure
and although part of a major denomination the links to the religious aspects of this
church appear tenuous.
**Relationship varies from site to site**

Some of the frontline staff interviewed from YouthAssets noted that the connection to the parent body largely relates to how their offices are structured. In those offices where employment services are co-located with the other welfare services provided by this organisation there is a strong connection to the parent organisation. Where co-location does not occur, the influence of the parent organisation is less apparent.

There were also a minority of interviewees in GospelWorks and ConcernLink who noted that the connection to the parent organisation varies from site to site. The strength of internal organisational connection appears to be largely dependent on the relationship developed between the team leader and the local church leader and/or the accessibility of local complementary services provided through the parent organisation. The following comment typifies these responses:

> Depending on the site team manager – that’s where you get a big change. If you’ve got someone who’s probably not as necessarily skilled or hasn’t been around for a while or doesn’t really understand how we are connected to the church, they are probably more focused on the departmental type issues. I think it probably is a localised answer. I know some of our sites are incredibly well hooked into the local congregations and what’s happening and then from that point of view they will really clearly distinguish where we are as part of the church and the focus versus the department, but in other areas probably not as strong (Gordon, senior manager, GospelWorks).

In some instances the connection to the church occurs because of existing personal relationships between church members and the staff within the contracted employment services site. However, when the connection is totally dependent on personal relationships, the linkages disappear when that person moves on, as expressed in the following comment:
I used to have a really good relationship with [NAME OF CLERGY MEMBER] but I don’t at the moment because he’s moved (Emma, frontline staff member, ConcernLink)

Although the employment services delivered by Faithplus form part of the welfare services offered through the church, the Faithplus employment services sites are separated geographically from the location of most of the other welfare services and the church congregations. This therefore impedes the opportunity for internal connections to be made. One of the senior managers suggested that this has the potential to separate the contracted employment services from the cultural influences of the broader organisation:

At the moment they are more connected to DEEWR and that’s primarily geographic. So when [Faithplus] had employment services sites in other locations they were reasonably closely connected to the broader organisation. For happenstance reasons now, they’re all quite remote geographically. I doubt they’d see themselves as loyal to DEEWR in the first instance, but they’re certainly separately culturally from the wider organisation (Charles, senior manager, Faithplus).

**Attempts to develop internal relationship**

Several of those interviewed in ConcernLink and GospelWorks stated that they see value in their employment services being integrated with the other welfare services delivered by their parent denomination. However, they claimed to have had limited success in making connections within their own organisations. It was suggested that this might in part be attributed to the creation of internal silos where managers have sole responsibility for their area of work and are therefore reluctant to allow interference from other parts of the organisation. The following comment typifies these views:

There are silos and we’ve been trying in the past to see how the businesses could be interlinked, but it’s funny because there are opportunities for
vocational placements at other sites. But just like any other Christian organisation, there’s always that silo of ‘don’t step into my area’. This is for me and me alone to control (Connor, frontline staff member, ConcernLink)

Interviewees from both ConcernLink and GospelWorks noted that they had made efforts to connect with local church congregations. This involved several meetings with local church leaders to discuss potential ways in which the two arms of the church might work together. While this appears to work in a few areas, the majority expressed the view that the local churches do not seem to be interested in connecting with the employment services arm.

One interviewee from ConcernLink expressed her frustration in trying to engage with the local church. She spoke of the extensive effort that she had made to meet with the local clergy, as well as other church welfare arms in an effort to develop mutually beneficial networks. Despite several attempts she was unable to establish a relationship and this has led her to conclude that not only are the local church clergy members not engaged in the work of the employment services arms, they do not appear interested in connecting with the employees who work for these organisations. She expressed this sentiment as follows:

They’re not interested and they don’t see the correlation. They don’t see how they can support it in a bigger way. You know we’ve got this huge church network and we had someone for months and months trying to tap into various other welfare services, trying to tap into other employers that were part of the church, going to all the churches and trying to create – you know what – for nothing, we got nothing out of it. I don’t get it, what does it take for people to understand we are one organisation (Lenore, frontline staff member, ConcernLink).

The frontline staff interviewed from GospelWorks expressed a similar view. It would appear that staff see potential gains in establishing connections with other welfare services to better support jobseekers and meet the variety of presenting needs, such as drug addiction or homelessness. Moreover, it was stated that members of the
congregations might include small business owners or human resources professionals who have the potential to employ jobseekers. However, in most instances, these opportunities had not been realised and as a consequence staff suggested that they have given up trying to make connections with other arms of the church. The following comment typifies their responses:

We did have a session last year, when all the church people and other program people came to talk about us all working together and explaining what we do. I know that staff, (because we had some new staff then), thought that was a really positive thing, because they come here thinking well you’re linked to accommodation, you’re linked to counselling, you’re linked to all of these things, so it’s going to be a great organisation because of all these different resources, but at the end of that - nothing. I don’t know that’s completely our fault, because to be quite honest I have worked since 2009, very heavily to create a relationship with [the local church and other services], I’ve given up. I have given up trying to engage with the church. The problem is both ways. It’s talked about at that level but it’s not coming down, it’s a very difficult task (Melissa, frontline staff member, GospelWorks).

A senior manager from ConcernLink suggested that a possible reason for the lack of integration between the various welfare services of the church and congregations was the absence of an intentional management strategy to make this happen:

There is not much connection within the region, you know, with the parish and I think part of it is the fact that the church hierarchy has really just let these things happen, rather than actually having any strategy, or even management over them (Aaron, senior manager, ConcernLink).

It was implied by another senior manager in ConcernLink, that part of the reason for not developing a deliberate strategy to connect the employment services arms into the church, was a sense that little would be gained in developing this connection:
I think they [employment services sites] are more connected to the broader employment world than they are to the church. It’s not about levelling blame; if you want to look at any reasons for that, it’s not their fault, we haven’t reached out and tried to plug them into the church because we knew that that was never going to be of any great assistance to their endeavours. It wasn’t going to help them do their job (Paul, senior manager ConcernLink).

Some of those interviewed suggested that the rules relating to client eligibility and payment arrangements within contracted employment services can have a negative impact on internal relationships. These interviewees suggested that other arms of the church fail to understand the constraints and challenges confronting contracted employment services organisations. They noted that this creates frustration for both church members/staff and employment services staff when non-eligible jobseekers are referred directly from either the congregation or other church welfare agencies for employment assistance.

Although there is nothing to prevent church-related employment services organisations from providing services to any client, it would appear that the tendency is to focus attention only on those eligible jobseekers where the assistance provided results in a payment from government:

People that work for support services within the church don’t have an understanding of the contract and so they can say, ‘Oh look, I’ll send this guy. He’ll be great, you can help him out’. We sort of say, ‘we don’t really have the ability to do that’ (Curtis, frontline staff member, GospelWorks).

This situation creates division within the church, with those not directly involved with the churches employment services arm dismissing their own services as being aligned to government bureaucracy rather than being seen as part of the church:

When some church leaders send Johnny up the road to see us and we don’t find a solution to all of his problems because we can’t, then they
think ‘they’re just a government bureaucracy, that’s all they are’ (Paul senior manager, ConcernLink).

Several of those interviewed stated they saw their relationship with the church in terms of having to earn money for the broader church mission, rather than being integral to the church’s mission. The following comments typify their responses:

Church isn’t really mentioned that much apart from lately it’s mentioned a bit in the fact that we’re not making any money and we need to start making money so we can help the church more (Elaine, frontline staff member, GospelWorks).

Indeed it was suggested that contracted employment services are regarded as a cash cow or a church business and this serves to create further barriers between them and other parts of the church:

[We have] always been seen as the people over there that are trying to make some money to help the rest of the church out (Curtis, frontline staff member, GospelWorks).

We’re the business side of the church, so it makes it sound like we’re separate and it kind of feels like we are (Rose, frontline staff member, GospelWorks).

Views on the advantages/disadvantages of being a church-organisation

As a further test of the strength of the relationships between the church-related employment services and the parent church, senior managers and frontline staff were asked if being part of a church organisation assists or hinders the delivery of employment services. The responses are presented in Table 18.
Table 18: Interviewee views on whether church connection is an asset or hindrance

<table>
<thead>
<tr>
<th></th>
<th>Assists</th>
<th>Hinders</th>
<th>Both</th>
<th>Neutral</th>
<th>Not sure</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouthAssets</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>ConcernLink</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>GospelWorks</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Faithplus</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>5</td>
<td>4</td>
<td>17</td>
<td>4</td>
<td>42</td>
</tr>
</tbody>
</table>

Four of those interviewed did not provide a definitive answer to this question, while the majority response, 17 people, stated that being part of a church organisation neither assisted nor hindered the delivery of employment services. They each gave very similar responses, for example:

I don’t think it makes any difference at all (Sally, frontline staff member, YouthAssets)

One interviewee amplified his response by stating that what matters most is the value set that individual employees bring to their work and that the organisational type made little difference. He expressed his viewpoint as follows:

I don’t think it makes any difference, no, and a lot of times, people just; you do what you do. If you’ve got the right ethics in the first place, it doesn’t make any difference whether you’re working for Sarina or Mission or [ConcernLink] (Porter, frontline staff member, ConcernLink).

Five of those interviewed asserted that being part of a church organisation was a hindrance citing church bureaucracy as an obstacle to efficient decision-making. They argued that this constrained their ability to adapt quickly in a changing environment:

From a business point of view it is a disadvantage because they’re stopping it. A business should be flexible, adaptable and move with the times. You’ve got to survive (Lenore, frontline staff member, ConcernLink).
In some areas it does hinder us, because it's a very bureaucratic process (Gordon, senior manager, GospelWorks).

The church bureaucracy and complex organisational structure was also seen as a challenge by those who noted that being part of a church was both an asset and a hindrance:

I guess it is an advantage, but sometimes, because of that set-up and the way it just operates, it does become a hindrance. Sometimes you have to wait for a long time for a decision (Jacob, frontline staff member, ConcernLink).

Twelve of those interviewed stated that being a church organisation assists in the delivery of employment services in many respects. Some suggested that being part of a church organisation was an asset both personally and professionally. Typical of these comments were:

From a personal perspective I think it assists, because I think it’s that genuineness of wanting to elevate, to show genuine compassion towards individuals and wanting to support them in their achievement of goals. I think in many ways, it moves it from being purely about the dollars and cents, into a framework that is more people orientated so for me I feel that it’s more of an asset than a hindrance (Tina, senior manager, YouthAssets).

As a worker, it’s allowed me - the values have embedded a little bit more understanding, a little bit more nurturing and accepting of others and their values and beliefs as well (Anne, frontline staff member, YouthAssets).

The two interviewees from ConcernLink who stated that being part of the church is an asset, both noted that their view was strongly influenced by their personal faith, which had been the motivation for them to choose to work for their church:
Naturally I would always say yes assists. I think that's more personally. I deliberately sought out this office (Mary, frontline staff member, ConcernLink).

The five interviewees from Faithplus stated that being part of a church organisation assisted them in making connections with both employers and jobseekers. They suggested this related to the reputation that the church has in caring for disadvantaged people:

I think a lot of employers prefer to use church organisations because of that caring side, that nurturing side of things and they understand where we’re coming from (Shirley, frontline staff member, Faithplus).

It could help in that we have access to a lot of support groups for people (Katy, frontline staff member, Faithplus).

I think it does assist us because as I said, we’re after those social outcomes (Ruby, frontline staff member, Faithplus).

These comments seem to support the notion of a principal-stewardship relationship with the parent denomination, rather than a principal-agent relationship. However, church leaders are not involved in the operational aspects of their employment services arms and the connection to the congregations and other church welfare arms are not strong. Therefore the principal-agent problems associated with hidden information and hidden action may also apply in the context of the relationships these church-related employment services organisations have with their parent denomination.

**Church leader’s views on relationship between the church and their contracted employment services arms**

The church leaders from each of the four church-related organisations were asked to comment on the influence that the parent church has on its employment services arms
and the extent to which these services are connected or integrated with the other activities of the church. The degree of importance placed on the need to connect to local congregations varied across the four church-related organisations.

The integration of word and deed realised through the connection between the evangelistic work and the welfare work of the church is seen to be a priority for the church-leaders in two of the organisations in the study, these being Faithplus and GospelWorks. These two church groups share an evangelical heritage although it would appear that the welfare work carried out by these churches reflects the tenets of the Social Gospel, that is the primary focus is to support and advocate on behalf of the most disadvantaged in society. Nonetheless the leaders from both these churches expressed a desire to see the ministry of word and deed that is informed by the Gospel of Jesus Christ, reflected in their welfare services. The church leader from Faithplus indicated that this issue has been exercising the minds of the board and leadership team within his church:

We are really asking questions at the moment, where on the Venn diagram, what we might call (this is not the best term but I’ll use it) where pure social welfare work which is not actually to do with preaching the Gospel, interacts with that work which flows from a community of faith (David, church leader, Faithplus).

The church leaders interviewed from GospelWorks explicitly stated that it was desirable to see an interconnection between their welfare arms and the local church. They indicated that this connection gives the local church members an opportunity to connect with disadvantaged unemployed people and provide them with a sense of community:

Our best social and community services are where there is a close connection with the church, so that our social and community services are not done in silos, in isolation but where there is a strong connection with the local church (Michael, church leader GospelWorks).
However, these church leaders noted that their employment services arms were more closely aligned to the mission of the church in the earlier years of contracted employment services. One church leader specifically described his congregational experience from 2000 to 2003, in terms of the close relationship with the church’s employment services arm and the benefits that flowed from this:

I valued [the close relationship] because I saw this as part of the mission imperative of our church, to engage with the employment service. We could offer what they needed and they could offer what we needed and together. The joy was to see a person get a job, or to see them finish the course they were involved in, to get a skill that would see them employed within the community (Timothy, church leader, GospelWorks).

In describing the status of relationships between local congregations and the contracted employment services arm of the organisation in the 2014-contracting era, this church leader suggested that the purchaser definitely has a stronger influence within their employment services arms, than the local congregation. Notwithstanding this he believes that the relationship between their employment services and the local church, should not only be encouraged by the church leadership; this should be stipulated as a formal requirement:

But obviously the relationship to DEEWR it’s very strong and it’s mandatory. It’s daily, it’s weekly, it’s monthly; it’s always in their face, that’s a common denominator. The connection to the missional aspects and the life of the local congregation is optional. It’s sporadic, it’s hit and miss - and it’s probably not part of the leadership focus of employment services. I would like to hear it more. That if you’re at the GospelWorks office at X location and we expect you (if there’s an inspection) to describe your relationship with the local congregation. So I would probably say, because the connection to the government involves all these obligations that have to be met, it's a constant and probably dominant focus (Timothy, church leader, GospelWorks)
YouthAssets and ConcernLink both have their roots in the Catholic tradition and the desire to connect their welfare arms with congregational aspects of the church does not appear to be a dominant requirement. The church leader interviewed from YouthAssets suggested that while historically the employment services have been influenced by the ethos of the sponsoring Religious Order, he suggested that connecting with other organisations within the field provided the opportunity to ‘pick up best practice’ (Stephen, church leader, YouthAssets). Moreover, he expressed the view that this ought to be seen as a positive development, provided the ethos of the founders continued to be a major influence in the way services are delivered and the founding values are reflected in the support provided to jobseekers.

A similar view was expressed by a church leader from ConcernLink who noted that although church-related organisations will be influenced by the sector in which they operated, it is incumbent on the senior leadership team and the board of the organisation to be intentional in promoting the mission and values of the organisation continually. He stated that while ‘there is an inherent risk of institutional drift, it’s not inevitable’ (Nathan, church leader, ConcernLink).

The other church leader from ConcernLink made the point that many of the church’s welfare services had their genesis in locally developed congregational initiatives. He suggested that as these services expanded and acquired government funding, it became essential to consolidate them into a church-related agency that had the professional capability to deal with critical issues relating to accountability. He noted that as a consequence, however, these larger organisations moved away from the close connection they had formerly held with the local community. In this sense the professionalisation of welfare services and the potential for mission drift, might largely be a question of scale:

ConcernLink itself sprung out of local parish initiatives like care and concern groups and home assist care groups and it all started small. But it’s like all these things, as they grow, the whole issues of compliance and audit and all of the functions of getting money started to come into it and therefore it becomes more centralised and drifts a bit away from the local
community. I’ve always believed that there are certain things that parishes or local Christian communities do very, very well and there are certain things that the larger organisation can do that a little parish can’t. It’s because of who they are, the bigness of them. So in our employment area, I would say that it’s never had a strong connectivity to the local community (Phillip, church leader, ConcernLink).

Indeed, the historical records that were examined for each of the church-related organisations in this study, illustrate how they each began as small, locally based, employment programs. These services were designed to meet the needs of the local communities in which they operated. However, as these organisations have grown, professional structures have been put in place to manage the distributed network of service delivery sites. As contracts wax and wane, these organisations establish new sites in areas where they have won business and close sites in other areas. This results in a lack of continuity in the connection to specific local communities.

**Conclusion**

The outsourcing of government services to private organisations, places public officials in a position of steering rather than rowing (Denhardt & Denhardt 2000). This analogy is used to illustrate the point that public administrators are no longer involved in the actual delivery of services, rather they are responsible for ensuring government policy is implemented. They do this through the instrument of a funding contract.

Osborne and Gaebler (1992, p.32) suggest, ‘those who steer the boat have far more power over its destination than those who row it’. In the contracted employment services environment the purchaser has monopsonistic power and controls the behaviour and activity of contracted employment services organisations through a tightly structured regulatory framework that is enforced through the mechanism of the contract or Deed (Marston & McDonald 2008; Struyven & Steurs 2005).

The prescriptive nature of the Deed is seen to result in the purchaser having a stronger influence on the operations of the church-related organisations in this study, than the parent denomination. This study found that in three of the organisations, ConcernLink,
GospelWorks and Faithplus, those interviewed felt the connection they have to the Department of Employment is much stronger than the connection they have to congregations or the other welfare arms of the parent denomination.

It can be argued that the control exerted by the purchaser creates a stronger principal-agent relationship at the expense of the relationship with the parent denomination. This has the potential to challenge the authority of the parent church in directing their employment services arms. This is likely to become more problematic if the mission and values of the church are in conflict with the demands of the purchaser.

A possible source of conflict may occur in relation to the role that church-related contracted employment services organisations have in policing the unemployed and reporting those that are seen to be in breach of their government imposed obligations, to Centrelink. It has been argued that in performing these functions church-related organisations may be perceived as a quasi-government organisation. These issues are examined in greater detail in the next chapter.
Chapter 8: Policing the unemployed

Introduction

In this chapter I continue the investigation of the employment services contracting environment through the lens of principal-agent theory, focusing on potential tensions that may arise for churches in assisting government to implement its workfare policies. This includes an examination of the responses of those interviewed from the four church-related organisations to analyse their approach and attitude to reporting jobseekers perceived to be in breach of their obligations.

The role of the churches in performing this function on behalf of the state, led me to investigate whether church-related organisations risk being perceived as an arm of government. In effect these organisations risk becoming para-government organisations rather than para-church organisations (Jeavons 1994).

I conclude that carrying out the contentious aspect of the government’s welfare reform policy, which results in jobseekers being financially penalised for non-compliance, has served to confuse the traditional role that churches have in caring for those in financial distress.

Organisational policies relating to jobseeker compliance

When jobseekers receive unemployment benefits from the State, known as Newstart in Australia, they are required to meet specific obligations. This includes actively seeking work, attending compulsory interviews and undertaking specific activities to improve their work prospects.

Contracted employment services providers are required to report jobseekers to Centrelink if they do not comply with their obligations, (commonly known as breaching). The employment services provider is allowed some discretion before
reporting a jobseeker specifically in circumstances where the provider believes that the jobseeker has a reasonable explanation for not meeting their requirements.

I was interested in investigating whether the four church-related organisations under consideration had developed an internal policy or set of instructions to guide staff in applying discretion. Therefore I asked senior managers and frontline staff if their organisation had developed a specific organisational policy in respect to the jobseeker compliance regime.

The responses from all those interviewed, in each of the four church-related organisations, confirmed that no specific organisational breaching policy had been developed and that the decision on whether or not to issue a Participation Report is left to the discretion of individual staff members. This would suggest, that the case study organisations see no need to develop a distinctive policy in this somewhat contentious aspect of contracted employment services. In which case, the process imposed by the purchaser takes precedence over any internal views or action that might be taken to mediate the impact of breaching vulnerable people.

**Attitudes to breaching**

Frontline staff and senior managers were then asked whether reporting jobseekers to Centrelink was discouraged or encouraged in their organisation. Follow up questions were designed to flesh out how individual staff members approach the process of Participation Reporting and to gauge the attitude of interviewees towards this aspect of contract compliance. Their responses demonstrated different views and approaches to the issue of breaching.

In order to analyse these views, I looked for common themes amongst the responses. Three key themes, which I describe as narratives emerged. These narratives reflect the internal discourse within these church-related organisations in relation to their role in reporting jobseekers to Centrelink.

The powerful imposition of the contractual requirement emerged as the dominant theme, with the majority of those interviewed stating that it is a contractual
requirement to inform Centrelink when jobseekers fail to attend a compulsory interview.

While acknowledging the requirement to notify Centrelink when a jobseeker fails to comply with their obligations, some respondents extended their responses to justify the approach taken to breaching. Several referred to the need to take into consideration the particular circumstance of each individual jobseeker and demonstrate leniency where possible. While other interviewees argued that jobseekers needed to be compelled to attend appointments. They suggested that the jobseeker’s failure to attend interviews reflects either low motivation or a lack of confidence. Consequently these jobseekers are reported to Centrelink as a way of engaging them. They asserted that if jobseekers want to retain their income support they will have no option but to attend the interview and this then provides the opportunity for them to receive the help they need to find work.

In categorising the responses I describe the three narratives as follows:

1. Contract requirement narrative
2. Compassion narrative
3. Tough love narrative

A description of the elements of these is provided below:

1. **Contract requirement narrative**: this narrative suggests that reporting people who do not comply with their participation requirements to Centrelink is accepted as a contractual requirement and therefore contracted employment services staff have no choice but to report these jobseekers. They are simply following the rules. The view expressed in this narrative essentially argues that jobseekers have a responsibility to meet their obligations or face the consequences of their actions. This narrative allows the contracted employment services organisation to deny any responsibility for the penalties that might be applied and puts the total obligation on the jobseeker to obey the rules. Several of these interviewees also strongly asserted that they do not penalise jobseekers arguing that this is Centrelink’s role.
2. **Compassion narrative**: this narrative asserts that people working in a church-related organisation should try to demonstrate compassion and where possible be more lenient towards jobseekers, giving them the benefit of any doubt before submitting a PR. Those who subscribe to this narrative revealed a specific concern for people who may be considered vulnerable. I argue that the compassion narrative is in keeping with the mission of churches to demonstrate justice, mercy and compassion, as described church leaders in chapter 5.

3. **Tough love narrative**: this approach ties in with some of the public discourse around the issue of welfare dependence discussed in chapter 2, sometimes described as tough love. As noted, those who subscribe to the theory of tough love argue that the action is taken to benefit the jobseeker.

The data from the interviews has been tabulated for each of the four church-related organisations and the consolidated responses are presented in Table 19.

<table>
<thead>
<tr>
<th></th>
<th>Contract Requirement Narrative</th>
<th>Compassion Narrative</th>
<th>Tough Love Narrative</th>
<th>Not sure/Not known</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouthAssets</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>ConcernLink</td>
<td>5</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>GospelWorks</td>
<td>7</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Faithplus</td>
<td>6</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td>7</td>
<td>5</td>
<td>8</td>
<td>42</td>
</tr>
</tbody>
</table>

Eight people were not able to give a definitive response to this question, primarily because in their current role they are not directly involved in submitting Participation Reports (PRs). This left 36 people who provided a rationale for submitting PRs.

The majority of those who responded to this question, 22 respondents, stated that they submit PRs to Centrelink in accordance with the contract. The interviewees who
gave this response did not enter into any dialogue about whether they believe this to be a negative or positive action to take.

The second most common response, given by seven interviewees, suggests that these staff members endeavour to take a more compassionate approach. Four of the compassion narrative responses came from YouthAssets, which equates to half of the respondents from this organisation. The third narrative, signifying a tough love approach, featured in five responses.

**Contract requirement narrative**

The majority of those interviewed from ConcernLink, GospelWorks and Faithplus stated that they have to do what the contract states and therefore submit PRs when a jobseeker fails to meet their obligations. They argued that they have no choice. The following typifies these responses:

> It’s one of those things we have to do as part of the contract (Amy, frontline staff member, Faithplus)

As well as viewing the issue of breaching jobseekers as a contractual requirement, several of those interviewed also linked this issue to their organisational performance, suggesting that their star ratings are likely to be affected if non-compliant jobseekers are not reported. This demonstrates how the incentives and sanctions within the contract have been designed to achieve goal alignment between the purchaser and the contracted organisations. The following comments reveal something of the conflicted attitudes towards the issue of breaching:

> In the last two years the drive to improve performance, submitting PRs is a criteria, not only a criteria, but it is also a means to get performance; because if you don't PR, you know, if you don't pull people up, then they are going to hurt you. But we don't go out there with an intention to sort all those people out. I think broadly we'd just take a reasonable approach, but a firm approach. If they are not playing the game then, you know,
that's obligation. People have got obligations (Aaron, senior manager, ConcernLink)

If you don’t want to have a poor minimum contact result, you have to put a PR in when they don’t attend. So that will take them off, no discretion in that (Melissa, frontline staff member, GospelWorks).

The following comment provides insight into the principal-agent relationship between the purchaser and church-related organisations and how frontline staff use this to explain to jobseekers the importance of them complying with their mutual obligations. The clear message is that the purchaser uses contract enforcement to control the behaviour of its contracted providers and they in turn apply this message in monitoring the behaviour of jobseekers:

We do make it pretty clear to people now though that we are contracted to the government and if things aren’t abided by, the government comes looking for us and so that, you know, what you can and can’t do is very black and white (Curtis, frontline staff member, GospelWorks)

The responses from Faithplus in relation to breaching were mixed with the majority of staff accepting the contract requirement narrative and a minority of staff endorsing either the tough love narrative or the compassion narrative. A senior manager from Faithplus noting the earlier controversy within church groups regarding the contractual requirement to report jobseekers to Centrelink stated:

I’m not sure if they’re still tense in the sector, but they were at the time about breaches and docking people’s pay and all that sort of stuff, but for me, they’re not first order Christian issues in any case. Passionate yeah, Christians with integrity could take a position on either side of that debate (Charles, senior manager, Faithplus).

This comment confirms that Christians are likely to have differing views on workfare policies. Indeed, Lawrence Mead, a key proponent of workfare policies and mandatory
programs, is a practising Christian. His theological worldview is in keeping with traditional Calvinist type attitudes that emphasise the importance of a strong work ethic.

Several of those interviewed from ConcernLink and GospelWorks stated that, although they have taken a more lenient approach in the past, they have recently been advised by the management of their organisations to increase the level of Participation Reporting. In some cases this has been prompted by instructions given by the purchaser following departmental audits. Staff members from ConcernLink noted that personnel from the Department of Employment questioned the low level of PRs emanating from this organisation and suggested this needed to be increased:

At one of our feedback meetings from the government about our ratio to other agencies, our Participation Report ratio was actually quite low. So that’s sort of something that they identified that for us to be a better performer, we had to increase (Kimberley, frontline staff member, ConcernLink).

The attitudes of departmental officials serve to influence the approach that frontline staff members take in determining whether a PR will be lodged. Despite the fact that the policy allows for discretion on the part of the contracted employment services provider, if a departmental official suggests that a PR should have been submitted the staff member in the provider organisation feels obligated to follow through. This action on the part of the purchaser emphasises the control and authority exercised in a principal-agent model and the suggestion of punishment if the agent does not comply:

When I started, seven years ago, it was kind of discouraged. But just when I started, that was changing. Now you would be questioned. You have some discretion, it’s your caseload; you get the results, that’s okay. Before if you got placement and claims and you got your stars and your compliance was low, that’s okay because you did well here. But now both sides have to be high. So if your clients aren’t coming in, if you don’t do a Participation Report they will appear on a contact report and you’ll be questioned, by
DEEWR – you have no choice (Warwick, frontline staff member, GospelWorks).

Another consideration in increasing the rate of breaching, relates to the behaviour of competitor organisations and the desire to achieve high star ratings. There is a view that for-profit organisations in particular, are more inclined to recommend a PR without considering the jobseeker’s reason for non-attendance, and this in turn contributes to the higher star ratings of some for-profit providers. Therefore it appears that some of these church-related organisations feel the need to mimic this behaviour:

We have started a higher PR regime than previously. Employment consultants need to have the understanding that Participation Reports are what we have to do contractually. We’re not the ones deciding whether an allowance is cut or not but in the contract we need to report participation. So having put that in motion then we actually have had a steady rise... we’ve actually started our PR regime to fall in line with other JSAs (Connor, frontline staff member, ConcernLink).

I don’t know if [for-profit organisations] would investigate further to ask the question why. I think they would just immediately PR (Mary, frontline staff member, ConcernLink).

**Compassion narrative**

Seven of those interviewed stated that they try to take a more lenient approach when considering whether a PR should be submitted; four of these interviewees came from YouthAssets. A senior manager from YouthAssets outlined her concerns about sanctions being applied to jobseekers, in particular the impact that loss of income has in relation to poverty and homelessness. She expressed her organisation’s approach as one of perseverance and support for jobseekers throughout the service relationship, noting:
I think that staff are mindful of the impact of that type of thing [breaching] and we put a lot of effort into ensuring every step is taken to connect with people before those actions happen, and then of course if it does happen what do we do to continue to support them (Tina, senior manager, YouthAssets).

This view was reinforced in the statements from the frontline staff interviewed when they referred to the complications experienced by disadvantaged young people. Given the challenges faced by vulnerable young people, consideration is given to the specific circumstances of each young person, before a decision is made to issue a PR. As expressed in the following comments:

They’ve left it up to the discretion of managers to assess whether that’s the best option for the young person at the time, and so if there are extenuating circumstances and there is a real case that we shouldn’t be reporting them, certainly we’ve given that leeway to the managers to decide (Sue, frontline staff member, YouthAssets).

Some staff members spoke about the importance of developing a good relationship with the local Centrelink office, suggesting that this is helpful in negotiating special arrangements for vulnerable jobseekers:

However, if we know that a client hasn’t come to an appointment because they’ve been kicked out of home; they’ve just been beaten up by their stepfather or something like that, we will not submit a PR. I’ve got a good relationship with the Centrelink managers there, and we’ll often get on the phone and say, ‘look, John didn’t come in today’. ‘We don’t want to submit a PR because of this reason; we’ve got to book an appointment for next week. How do you feel about that’? Nine times out of 10 they’re like, ‘that’s okay’ (Terri, frontline staff member, YouthAssets).

The compassionate approach taken by the staff in YouthAssets, in giving jobseekers the opportunity to engage before submitting a PR, reflects the attitude and tone set by
the senior managers in this organisation. It would appear that the frontline staff members in YouthAssets endeavour to find ways to avoid submitting breach recommendations while staying within the contractual obligations.

Two interviewees from Faithplus noted that they try to show leniency toward jobseekers, essentially because they view their organisation as a caring organisation. They believe that giving jobseekers a second chance is an integral part of their mission to show compassion:

I mean it would definitely fall under our mission values to be compassionate. You're not just going to go out there and PR a person every day just because you don't like them. You've got to realise, well, what is their reason for not turning up? And you give them the benefit of the doubt. They've got sick children or they're sick themselves or [they don't have] transport. We say, 'okay, that's fine, thank you for contacting us', we make them a new appointment but we don't use it as a rule as a punishment tool, so I guess that's where the values come in there (Kerry, frontline staff member, Faithplus).

However, this person also questioned the motivation of some jobseekers and stated, ‘you need to make sure they are not yanking your chain’ (Kerry, frontline staff member, Faithplus). Indeed this sentiment was hinted at by the majority of those who provided a response to the question of breaching. Several interviewees noted that they view the attitude and actions of some jobseekers with suspicion. They suggested that there are jobseekers that are inclined to take advantage of the system. For this reason, they argued that they would be reluctant to give jobseekers too many chances. Indeed this view was strongly held, even amongst those frontline staff members who consider themselves to be lenient:

I think we’re quite lenient. So we do have that. They may have a very good excuse. So we’ll say, ‘Okay, we’ll let you go this time but if it does happen again, we will have to let Centrelink know’ (Shirley, frontline staff member, Faithplus).
**Tough love narrative**

Five of those interviewed conveyed the view that they believe it is necessary to submit PRs in order to benefit the jobseeker. This included two people from both ConcernLink and Faithplus and one person from GospelWorks. They argued that it is important to exercise the option to report jobseekers to Centrelink, as some jobseekers are not motivated to look for employment and breaching can encourage motivation. These five staff members regard what they are doing as tough love and see this as an important element in the jobseeker’s pathway to employment.

One interviewee noted her initial reservations in reconciling the concept of breaching with a Christian compassionate response. However in rationalising the contractual obligation to report jobseekers, she noted that she has come to terms with this aspect of her role. She suggested that reporting people for failing to meet their obligation actually enables jobseekers to improve their life:

> One of the questions I asked when I first came here was how do you balance the contract with the Christian thing, because I was really curious – and the response I had was.. ‘Are you doing someone a favour by enabling their, I'll say bad behaviour, for want of a better expression?’ ‘Are you enabling in their life by allowing their bad behaviour to continue, what are you doing for them if you allow them to continue on that way’? The answer is you’re doing nothing. You’re not helping them at all, sometimes people (and we all do in our lives) need to be held accountable for what we do and that's how you manage that with the contract side (Emma, frontline staff member, ConcernLink).

The way in which these interviewees conveyed the tough love sentiment, seems to provide a moral platform for taking these actions, as indicated in the following response:
[Breaching] is encouraged but I feel for the right reasons. I mean I know when I first started I used to think, these poor people, how can we put a Participation Report in when they’re doing it tough, but then the organisations say ‘well if they don’t turn up to their appointments, how can we help them’? And it’s a way of getting them active again and it’s tough love (Beth, frontline staff member, Faithplus).

Indeed all interviewees who subscribed to the tough love narrative were in agreement that breaching is a useful mechanism in helping jobseekers to develop positive work habits. They also suggested that in some instances this is the only way to get some jobseekers to attend appointments:

[Breaching is] encouraged because it’s in the interest of the jobseeker in moving them along, in their best interest, a part of their journey. It is not about a free ride. You get back what you put in, and if you are not willing to participate in a program that we’re trying to undertake to work with you to get you a job, there are consequences of your actions, of your decisions (Steven, senior manager, GospelWorks).

So rather than letting her sit there and just say, ‘You’re not participating but I’m just going to let it go’, I actually contacted Centrelink and spoke to her social worker and said, ‘This is what’s going on. She needs some other help but she’s not doing it on her own. We need to do something about it’, and the social worker and I decided that PR was the best way to go because that would flag to Centrelink, ‘Hey, this is what—she’s not participating but this is the reason why’. So I think we look at it more as a holistic approach, like rather than ‘Let’s put the PR in so that we can get them participating and earn some dollars’. We look at the things that are for the best in the long run (Ruby, frontline staff member, Faithplus).

Those who contribute to the tough love approach argued that they are in fact motivated by a genuine concern for the jobseeker and as such they view their approach to breaching in a positive frame. This is not unlike the sentiment expressed
by openly Christian politicians such as Tony Abbott, who asserts that allowing people to remain inactive while receiving welfare benefits is misguided compassion (Grattan 2011). It could therefore be argued that the tough love approach is in alignment with the approach proffered by government, given that Abbott was Prime Minister when he made these remarks.

**The risk of being perceived as an agent of government**

Smith and Lipsky (1993) contend that under new contracting regimes, the contracted employment services being a key example, not-for-profit organisations are forced to act like the state and in fact represent the state to their clients. The term coined by Smith and Lipsky (1993, p.13) *street level bureaucrats* can be used to describe the new role performed by workers in employment services. This role gives frontline workers control over jobseekers, in as much as they direct jobseekers to undertake specific activities in keeping with the state policy (Smith & Lipsky 1993). Contracted employment services organisations are required to implement government policy through their practice and therefore mediate the interaction between government and citizens (Garland & Darcy 2009). When the state exclusively determines the nature of the services to be provided, service provider organisations in effect become agents of the state (Salamon & Anheier 1996).

In the early days of contracted employment services, frontline workers had significantly more discretion in providing advice to jobseekers in keeping with the normative practices of case management (Webster & Harding 2000). However, enhancements to the Information Technology system (ESS), that underpins the operations of contracted employment services organisations, have resulted in increased automation and supervisory control of frontline practice, resulting in limited scope for discretion.

Jobseekers are referred to a contracted employment services provider by the government agency, Centrelink, and while they remain in the system, jobseekers have an ongoing relationship with both Centrelink and the employment services provider they have been assigned to. There is regular liaison between the contracted
employment services organisation and Centrelink in relation to a range of issues such as, referral of jobseekers, jobseeker compliance and transferring jobseekers to another location or contracted employment services provider. This symbiotic relationship with a government agency, coupled with the fact that the contracted employment services system has evolved as a result of the privatisation in 1998 of the public provider (the Commonwealth Employment Service), has the potential to create in the eye of jobseekers and more broadly the general public a view that employment services providers are in fact an extension or an arm of government. If this is the case then presumably this has the potential to create tensions within church-related organisations.

Those interviewed were asked directly if they felt that there is a danger that they could be seen as an arm or agent of government. The majority of interviewees expressed the view that there is a conceivable danger that church-related contracted employment services organisations might be regarded as part of government because of the nature of the work they are doing and the relationship that contracted employment services organisations have with Centrelink.

Senior managers interviewed from YouthAssets, while noting that there is the potential to become like an arm of government, stated that the investment they make in their staff professional development and induction training is designed to mitigate the possibility of this occurring. Although a staff member from YouthAssets made the following comment, suggesting that tensions still exist in relation to the organisation’s identity as a provider of government programs:

I think that’s the criticism of faith-based organisations. I’ve worked now for [YouthAssets] for a number of years and have a number of colleagues in other faith-based organisations, and I think that’s the thing that we constantly talk about, ‘Who are we, and what is our identity’, because we essentially are an arm of the government because we are confined by what it is they expect in terms of contracts (Sue, frontline staff member, Youth Assets).
One of the senior managers from ConcernLink was more categorical, stating that jobseekers regard their organisation as an extension of government. In expressing his viewpoint he noted that their organisation was in the process of making the decision to exit contracted employment services. He stated:

Yes, I don’t think there’s a danger of it, I think it has already happened. We’ve just gone back to the CES except, it’s not directly owned by the government. That’s not necessarily bad or a criticism, that’s just a commentary and that therefore means that an organisation like us can’t be there (Paul, senior manager, ConcernLink).

This opinion was echoed by some of the frontline staff members from this organisation, who suggested that given that contracted employment services organisations receive payment from government, this cements the view that they are a part of government:

I think everyone sees these organisations, whether they’re church or not, as an arm of government. Well, they think, ‘You get paid by the government so you’re an arm of government’ (Porter, frontline staff member, ConcernLink).

Several of those interviewed from GospelWorks agreed that their organisation is probably seen as an arm of government particularly by jobseekers and also by government themselves. One interviewee responded by saying:

Absolutely, I think government sees [GospelWorks] as an arm of government (Steven, senior manager, GospelWorks).

One of the frontline staff members interviewed intimated that he had dual accountabilities working for a church-related contracted employment services organisation, and that this became a source of confusion for jobseekers as well as staff and members of the church. He suggested that being seen, as an arm of government is likely to be of concern to the church:
Now I'm taking that hat off and I'm a compliance officer for the Department of Employment. Now I'm fixing up something for Centrelink. That can be a bit confusing. But I think from the church's point of view, yeah, I think that there could be a worry to be seen as an arm of government. I don't think the bureaucrats worry about it because I think they like it to be confusing for the clients (Curtis, frontline staff member, GospelWorks).

A senior manager from Faithplus noted that the risk of being perceived as an arm of government is definitely real. He stated that this had been mediated in their organisation because the employment services contract does not dominate in the context of the wide range of services they deliver. This view was expressed as follows:

If we had one large government funding contract then inevitably that would start to shape the organisation’s look and feel... there are plenty of organisations in the space where their employment services contract particularly is a huge part of what they do and you see a different dynamic (Charles, senior manager, Faithplus).

Notwithstanding this view expressed by a senior manager of Faithplus, the majority of frontline staff members interviewed from this organisation noted that jobseekers are more likely to regard them as an arm of government, rather than being a church-related organisation. The following is typical of these responses:

Jobseekers see us as an arm of government because they definitely see our link to Centrelink. We’re always talking about Centrelink and the contract and their participation requirements and that sort of stuff but it never even entered our conversation to speak about [Faithplus] as a church-based organisation (Ruby, frontline staff member, Faithplus).

Church leaders raised their relationship with government when they were asked to discuss specific challenges or tensions associated with delivering government funded
employment services. The church leader from Faithplus suggested that church groups needed to be clear about what they stand for, noting that there is a danger of giving preference to organisational survival ahead of their organisational mission and purpose:

It’s very important to stand your ground and not become a puppet of government - and I think that there are some people who have kind of sold their soul down the river on these kinds of issues and I don’t think you should. I think you have to be able to stand your ground and be very clear about what you will do and what you won’t do (David, church leader, Faithplus).

Those church leaders interviewed appeared keen to differentiate their organisations from government suggesting that, rather than being an extension of government church-related organisations perform a mediating role between the citizen and government:

We’re not in this as a third arm of government. I think, whenever we consider going into any sort of service, that it is a partnership with government. I think what we are, is we are mediating institutions. So we act as a bridge between the person and the government in trying to ensure that they access support services or whatever that they might need, and that we are given the privilege and the gift of being that mediator to try and make that happen (Phillip, church leader, ConcernLink).

One church leader, in discussing the constraints placed on church-related organisations that limit religious practices such as prayer or scripture reading within welfare centres, referred to a conversation he had with a ministerial advisor. During this conversation, the ministerial advisor explicitly stated that church-related organisations are indeed an arm of government:

I’ve heard it from a ministerial advisor, who said, ‘we pay you, you are an extension of government’ (Timothy, church leader GospelWorks).
The concerns about being seen as an arm of government reflect a tension within church-related organisations to maintain their independence when delivering public services. This is particularly pertinent in the area of contracted employment services where the Deed specifically requires these organisations to work closely with Centrelink in monitoring the activities of the unemployed.

Indeed this tension has been expressed by other NFP organisations within the contracted employment services field. There is a firm view held by a wide range of community-based organisations, that the role of policing the unemployed should be the responsibility of a government agency and not the role of mission driven organisations, which see their primary purpose as positively engaging with jobseekers to help them find employment (Thompson 2010). Nonetheless the church-related organisations in this study continue to undertake this function as part of their contractual responsibility and find ways to justify their approach in taking this action.

**Conclusion**

This chapter has examined the potential for the misalignment of goals between the principal and the agent, specifically to determine how the purchaser in the case of contracted employment services adapts the sanctions and incentives within the contract or Deed to ensure that the behaviour of the agent reflects the goals of the purchaser. The findings confirm that the purchaser has successfully used the instrument of the Deed to ensure that contracted employment services organisations act in accordance with the goals of the government, particularly in relation to the welfare to work agenda. This is evident in the requirement on all contracted employment services organisations to monitor the activities of jobseekers and report those that do not comply.

While it has been stated that the so called breaching of jobseekers initially presented challenges for church-related organisations, the actions of the purchaser has resulted in these organisations no longer questioning this aspect of contract compliance. The majority of those interviewed acknowledged that because the contract requires them
to report jobseekers, they therefore have no choice but to take this action. Furthermore, some of those interviewed within these church-related organisations have accepted the tough love rhetoric used by various government ministers to sell their welfare reform policies.

The shifting emphasis in welfare reform has constructed welfare as a problem of dependency culture (Mendes 2007). Long-term unemployed people are seen to have become welfare dependent and therefore need to be motivated to promote work habits through disciplined activities (Mendes 2009; Marston & McDonald 2008; Wilson & Turnbull 2001). This construction seems at odds with the rights based advocacy position of various church groups and their stated belief in the dignity of each human person.

Moreover, church groups that provide material aid to people in financial distress are often called on to assist jobseekers whose benefits have been sanctioned as a consequence of breach action initiated by a contracted employment services provider (Walker 2001). This has the potential to create tensions between the broader welfare arms of the church and their employment services arms, and serves to confuse their role.

The control exercised by the purchaser threatens to divert church-related organisations from their underlying social mission and advocacy role (Ramia & Carney 2003). Thiemann et al (2000, p.67) note that, ‘if religious bodies become little more than extensions of government welfare policies, then their own moral and spiritual authority will be eroded and undermined’. It is ironic that church-related organisations are delivering services that aim to assist people to become independent of government income support, while at the same time these organisations themselves are increasingly dependent on government (Bielefeld & Cleveland 2013b).

The evidence from this study suggests that in carrying out the contentious government policy of policing the unemployed, church-related organisations face the prospect of being perceived as quasi-government organisations. Shergold, (2009, p.29) raises concerns that community organisations may have unwittingly entered into a Faustian
relationship with government and now find themselves ‘supping with the devil’ because of the way in which the contracting regime has emerged. For church-related organisations the overarching question is: Whose mission is fulfilled under these circumstances, the mission of the church or the mission of government?

In the next chapter I discuss the implications of the research focusing on the way in which the contracting environment has evolved within the field of privatised employment services in Australia. I argue that there is an inherent contradiction in seeking diversity and innovation amongst provider organisations and then adopting a principal-agent approach to monitoring the behaviour of these organisations.
Part 111: Discussion and Conclusion.

Chapter 9: Discussion: What has been gained and what has been lost in the employment services contracting model?

Introduction

While this chapter summarises developments within the employment services contracting environment I also describe the challenges inherent in principal-agent contracting models. Therefore the issues under consideration may be of relevance to all church-related organisations delivering government funded welfare services in Australia. Moreover, the research findings may also be of interest to policy makers in designing contracts that aim to maximise the unique contribution of different agency types, particularly in light of the recommendations emanating from the Competition Policy Review which relate to the further marketisation of welfare services (Harper et al 2015).

If government does indeed value the distinctive attributes of church-related organisation in delivering welfare services, different forms of contracting may need to be adopted to enable these organisations to fulfil their mission while assisting government to achieve its purposes (Frumkin 2000).

In this chapter I argue that opportunities have been lost as a consequence of the principal-agent approach to contracting, specifically in relation to achieving policy aims through maximising the altruistic contribution of contracted organisations and church-related organisations in particular. Moreover, the additional cost associated with compliance administration has increased the financial burden for both government and the contracted organisations, thereby reducing the funding pool available for service provision. I suggest that it is possible to achieve the aims of government and the mission of church-related organisations by taking a different approach to contracting.
The contracting environment

With the increase in contracting public services to private organisations, scholarship attention has turned to methods of contracting and accountability, specifically focusing on how public officials maintain accountability without compromising the expected efficiencies and other gains said to be associated with outsourcing of public services (Bertelli & Smith 2010; Van Slyke 2006). In this era of privatisation also conceptualised under terms such as third-party governance, quasi-government, the shadow bureaucracy or the hollow state government authority becomes widely dispersed across a range of private agents (Dubnick & Frederickson 2010; Heinrich, Lynn & Milward 2010).

Public officials come under increased pressure to ensure accountability in the way government programs are implemented and funds expended (Denhardt & Denhardt 2000). Over time, the microscopic monitoring of contracted organisations tends to become more pronounced and often results in new regulations, changed contract requirements and increased administrative oversight (Lipsky & Smith 1993). As a consequence, private contractors are likely to come under tighter scrutiny and control by government (Mulgan 2006).

Effective contract management is a key challenge for public service managers in these ‘new governance’ arrangements. Monitoring and enforcing compliance might be seen to enhance accountability. However, this comes at considerable financial and policy cost (Dubnick & Frederickson 2010; Waterman & Meier 1998). Dubnick and Frederickson, (2010, p.43) describe the management of public programs in this ‘so called’ shadow bureaucracy as ‘THE public administration challenge of our time’ (original emphasis).

While public managers have less direct control of public programs they nonetheless have the responsibility for ensuring accountability, as well as managing the political risk associated with outsourcing to private organisations (Nevile 2013). Therefore public managers play a critical role in framing and managing the contracting relationship (Bertelli & Smith 2010; Brown, Potoski & Van Slyke 2006; Van Slyke & Hammonds 2003). According to Van Slyke (2006, p.158), ‘the quality of public services
delivered by contractors depends largely on the quality of contract management provided by public managers’.

The employment services contracting regime in Australia has been established as a quasi-market comprising for-profit, not-for-profit and church-related organisations. This fully contestable market creates intense competition to win contracts. Unlike grant-based tenders, organisations are able to retain any profits from their fee-for-service activity. This adds a complexity to the way in which public managers control and regulate the contracted organisations.

In this competitive environment, contracting organisations develop business strategies that focus on growth and expansion to new geographical areas. Indeed several church-related organisations have grown from small, locally based services to large national, multi-million dollar businesses. This creates a critical dilemma for government as well as for community-based organisations, including church groups. One of the reasons government is attracted to the notion of contracting with church-related organisations is their perceived legitimacy in being connected to local communities. However, in a quasi-market, they are expected to actively compete and consequently they emulate the competitive business strategies more commonly seen in for-profit companies.

As contracts subsequently change hands in this competitive environment, the losing organisation is forced to close its doors and a new organisation moves in to take its place. This results in a lack of continuity of service relationships within local communities. While government has attempted to address this in the field of contracted employment services, by providing five year contracts, nonetheless the evidence suggests that a significant number of community embedded, grassroots organisations have closed as a consequence of their inability to compete with larger better resourced, nationally based organisations (Jobs Australia 2015).

Organisational expansion and growth can present particular challenges for church-related organisations. In many instances, their geographically distributed employment services sites are not aligned with the location of the church congregations or other welfare arms of the church. This therefore lessens the opportunity for these internal
relationships to develop. Moreover, as these organisations grow into nationally orientated rather than locally focused organisations, their organisational structure needs to adopt bureaucratic forms in order to effectively co-ordinate their network of service delivery sites and manage large numbers of staff. The resultant complex corporate structures create the potential for these church-related organisations to become autonomous from the church hierarchy, thereby increasing the risk of internal secularisation.

Does government want stewards or agents?

Christian churches in Australia have extensive experience in delivering welfare services and have maintained a unique position as service providers, policy influencers and advocates for the poor and disadvantaged. Their distinctively Christian ethos made these organisations attractive to government when employment services were first privatised (Abbott 2004; Oslington 2012). Indeed church-related organisations were hailed as bringing an extra commitment to assisting the most disadvantaged jobseekers (Maddox 2003).

The messages emanating from policy makers when employment services were first privatised suggests that government regarded church-related organisations as stewards intent on achieving the same mission as government that is to assist disadvantaged jobseekers to find work. As Minister for Employment, Abbott confidently stated, ‘who better to provide employment services than the charities that have traditional helped the neediest sections of the community’ (Abbott cited in Callaghan 2000). He asserted that the organisations contracted to deliver employment services would produce better outcomes than the rule bound bureaucracy they had replaced (Maddox 2001).

These contracted organisations were encouraged to do whatever was required to help long-term unemployed people gain employment (Dollery & Wallis 2001). Peter Shergold, as the head of the government department responsible for implementing contracted employment services between 1998 and 2001, argues that a key advantage in contracting private organisations to deliver outsourced public services lies in their
ability to trial new and innovative approaches to service delivery (Shergold 2009, 2012).

However, the opportunity to deliver innovative services is likely to be compromised if these organisations are compelled by the purchaser to adopt specific practices and formal structures to ensure accountability (Dollery & Wallis 2001). Indeed the actions of policy makers in enforcing onerous regulatory, bureaucratic measures has the capacity to undermine the very strengths that government looked for in contracting church-related organisations to work with the long-term unemployed (Dollery & Wallis 2001; Gregg 2000).

Shergold has expressed concern about the way in which public service purchasers manage contracted providers, asking the question ‘why does government outsource if it acts over time to cast the provider into a shadow of the public service agency it replaced?’ (Shergold 2009, p.31). Therein lies an inherent contradiction between the rhetoric of contracting private organisations and the reality experienced by the church-related organisations in this study.

Weisbrod (1988, p.7) asserts that ‘governments simultaneously encourage and discourage non-profits, subsidising them and restricting them, proclaiming their virtues and distrusting them’. This statement sums up the way in which the purchaser is seen to shift its position from viewing organisations firstly as stewards and then viewing them as agents to be controlled. This serves to create confusion and disillusionment amongst service providers. When organisations view themselves in a stewardship relationship, they have an expectation that they will be afforded trust and respect in their partnership with government to achieve social goals.

Indeed, government often emphasises ideals of working in partnership to address social problems when contracting with private organisations (Denhardt & Denhardt 2000; O’Flynn 2009; Newman 2001; Salamon & Anheier 1996). The Department of Employment explicitly uses the language of partnership to describe its working relationship with contracted employment services providers. To emphasise this, the
Department has published an Employment Services Charter of Contract Management that states:

The Charter creates a new way for the Department to work in a cooperative, collegiate, strategic partnering relationship with providers to achieve our mutual goals. The Department is committed to building a positive working relationship with providers (Australian Government 2012).

It would be reasonable therefore to expect that contracted employment services organisations would see evidence of a normative cooperative relationship in their dealings with the purchaser. However, the data from this study suggests that the opposite is true.

Several of those interviewed contend that the way relationships between the purchaser and the provider organisations have evolved over time within the contracted employment services environment has resulted in an erosion of trust. They referred to the increasing degree of complexity relating to what is and is not permissible, as well as burdensome red tape and the constantly changing rules. All of these factors create an environment of intimidation and risk aversion. Indeed each of the organisations in this study have increased their own bureaucratic internal processes to avoid the risk of staff inadvertently breaking the rules, which in turn has broader ramifications for the whole organisation.

Shergold (2012) notes that while there is great potential for church-related organisations to deliver innovative, client centred services, this is seldom realised because of the actions of the purchaser. Rather than encouraging organisations to develop ‘their own distinctive approaches’ contract managers have focused on process compliance resulting in private organisations becoming quasi-government organisations delivering standardised services (Shergold 2012, p.3).

Church-related organisations have a long history of developing innovative models that respond to complex social issues, including long-term unemployment (Evans 2004). Two church-related organisations were selected to participate in the initial pilot of
employment case management in 1995, because of their unique contribution and effectiveness in assisting disadvantaged jobseekers (ESRA 1996). The success of Christian based organisations led them to win substantial contracts in the early years of contracted employment services. My contention is that the flexible ‘black box’ approach of the earlier contracting periods gave church-related organisations the freedom to develop their own innovative approaches and specifically concentrate on supporting the most disadvantaged jobseekers.

However, the prescribed employment services model that has evolved within the highly regulated contract has reduced services to linear transactions that assume a ‘one size fits all’ paradigm. Further, the pressures that are inherent in the contracted employment services environment have the effect of reducing flexibility and constraining the unique contribution of individual organisations, including church-related organisations. Those interviewed for this study argue that service responsiveness to the needs of jobseekers, particularly long-term unemployed and disadvantaged jobseekers, has been compromised as a result of service prescription and increased administrative compliance.

It is not surprising that the approach to contract management adopted by the purchaser has evolved in this way. Management in traditional public sector bureaucracies is effected through hierarchical control, detailed administrative processes, institutional rules and regulations and routinized roles (Bertelli & Smith 2010). Moreover, the perceived gaming behaviour of some providers has created significant media attention at various times throughout the history of the privatised employment services in Australia and this in turn has resulted in political problems for the central government (Kernot 2000, 2001).

However, rather than taking firm action to isolate the offending behaviour by terminating contracts, the purchaser has resorted to managing all contracted organisations through a tightly controlled, hierarchical approach, mirroring the management model used in public sector bureaucracies to maintain accountability and political controls.
Over time, the purchaser has strengthened its position and clearly views the contracted organisations as agents, intent on maximising their own self-interest. Adopting a principal-agent approach has enabled the purchaser to scrutinise the behaviour of the contracted organisations to counter the effects of post contractual opportunism. While this microscopic monitoring gives the appearance of greater accountability, this has been at the expense of several policy considerations.

Contractual relationships that focus primarily on monitoring compliance to expose wrongdoing can lead to adversarial relationships and loss of trust and respect (Schillemans 2013; Goldsmith & Eggers 2004). This in turn undermines the spirit of partnership that is necessary to develop evidence informed policy that addresses the wicked social problem of long-term unemployment.

There is evidence to suggest that the suspicion that exists between the purchaser and the provider organisations, coupled with the fierce competition to gain and maintain contracts, has weakened cooperation within the employment services field (Eardley 2003b). Furthermore a contracting approach that involves hyper-specification of the services to be delivered stifles innovation and creativity. Indeed, the evidence from this and other studies confirms that contracted employment services organisations actively embrace the industry norms and a standardised service delivery as a way to minimise risks (Considine et al 2011, p.826).

The anticipated gains that were expected to flow from the initial policy decision to contract a diverse range of organisational types have not been realised as services have become increasingly mechanistic and organisations have been homogenised. Moreover, the business focus in contracted employment services has resulted in a profit maximising mentality developing within this sector (Besser & Russell 2015; O’Flynn 2015). This is evident even amongst church-related organisations and has the potential to diminish the altruistic service provision commonly associated with church groups. Rather than providing the services that jobseekers need, there is a tendency to only provide those services that attract a fee from government.
In summary, while the privatisation of employment services has produced some efficiency gains (Eardley 2003b), the way the contracting environment has evolved has been less than optimal and has not achieved the initial policy goals of encouraging innovation, diversity and choice for jobseekers. This environment presents challenges and tension for all organisations delivering contracted employment services, and has specific implications for mission-based organisations, such as church groups. Indeed, it would appear that church-related organisations have been drawn into a system where they are bound to fail in terms of their broader social mission.

If government is intent on maximising the distinctive contribution from a diverse range of agency types, a new approach to contacting is required. This would involve balancing the need for public accountability while giving organisations the flexibility to develop and implement programs and services designed to address complex social issues.

**Designing a new approach to contracting**

This thesis demonstrates empirically that the purchaser has adopted the principal-agent approach to contracting, viewing the providers as agents to be monitored rather than as partners working towards the achievement of collective goals. However, if the assumptions underlying stewardship theory were to be applied, a very different contracting environment could evolve. Stewardship theory assumes that agents are committed to achieve social goals and are motivated by intrinsic rewards (Schillemans 2013; Van Slyke 2007). A stewardship approach changes the dynamic of the relationship between the purchaser and the contracted organisations; it assumes that both parties are working for the greater good, and is underpinned by trust (Cribb 2006).

Cox (2009) argues that the need to increase regulation to monitor the activities of the contracted organisation is mitigated when there is trust between the purchaser and the agent. He suggests that high trust equilibrium can be built over time and the starting point is the acknowledgement that over-regulation imposes significant
additional costs for both the purchaser and the agent. Both parties need to recognise this and begin to act in a way that engenders trust and confidence in the relationship.

Relational contracting is beginning to feature in a number of studies and is purported to present a solution to problems that arise from command and control approaches to accountability (Bertelli & Smith 2010). Some of the assumptions underpinning stewardship theory apply in relational contracting, specifically reliance on the trust disposition of both the purchaser and the contracted organisation (Lamothe & Lamothe 2012). This form of contracting involves public managers developing relationships with service providers that are based on cooperation and aim to enhance and expand the service arrangements that are ‘specified in the formal contract’ (Bertelli & Smith 2010, p.122). Relational contracting is particularly suited to situations where agents are likely to participate in long-term contracting relationships, such as the outsourcing of public employment services (Bertelli & Smith 2010). In relational contracting, both the public manager and the organisation delivering services take a collaborative approach and learn together from experience (Brown et al 2006).

Effective contracting should achieve a win-win outcome for both the purchaser and the contracted organisation (Brown et al 2006). There are a number of potential benefits that flow to government as well as the provider organisations when the purchaser takes a stewardship approach to contracting. These include greater cooperation between the purchaser and provider, freedom to attempt more creative approaches to achieve the desired goal, a stronger focus on the needs of customers and importantly a reduction in costs associated with compliance monitoring (Cribb 2006; Van Slyke 2006).

It could be argued that the inclusion of for-profit providers complicates the rationale for giving preference to a stewardship type model over a principal-agency approach. It may be surmised that for-profit organisations are likely to have different motivations than not-for-profit organisations and therefore the assumptions underlying stewardship theory may not apply. However, the convergence that has occurred within the contracted employment system in Australia has not only resulted in church-related organisations resembling their secular NFP and FP counterparts; for-profit
organisations operating in this environment are demonstrating behaviours commonly associated with community sector organisations (Eardley 2002). There is evidence to suggest that the staff members in these for-profit firms show the same kind of social concern as those in NFP organisations. The significant mobility of staff within the contracted employment system results in staff movement between FP, NFP and church-related organisations. As this study found, there are staff members working in FP organisations who have the same intrinsic motivation for choosing to work in the employment services sector as those who work in NFP or church-related organisations.

Furthermore the profit incentive within the field of contracted employment services applies to FP, NFP and church-related organisations alike. Church-related organisations endeavour to maximise the profits earned in delivering contracted employment services in order to support unfunded welfare services. Indeed, several of those interviewed in this study explicitly stated that their church-related organisation is unashamedly profit driven. I suggest that the conflation of profit maximisation with altruistic values such as caring for the wellbeing of clients that is evident in FP, NFP and church-related organisations seems to create a new kind of agency type. Hybrid organisations are also forming within the employment services sector, and include religiously based organisations establishing formal partnerships with for-profit companies. This suggests there are some limitations in the application of either an agency or a stewardship approach to contracting. A new model needs to evolve that blends aspects of the two theories.

The question of accountability remains an overriding concern for government when public services are outsourced to private organisations. In a stewardship model an internal sense of responsibility and accountability is created when the principal and the steward share common goals and values (Cribb 2006; Dicke 2002). Dicke (2002) argues that where motivational altruism is evident, public accountability can be enforced through soft accountability mechanisms such as professional licensing and codes of ethics. In the contracted employment services environment, the purchaser has several devices at its disposal that could provide soft accountability, for example the Code of Practice, Service Guarantees and the formal Complaints System, which includes a Complaints Hotline for jobseekers.
However, given the profit maximising opportunities inherent in the quasi-market model, it is unlikely that these mechanisms alone would satisfy public accountability. Therefore some form of formal external control mechanism combined with soft accountability measures such as Codes of Conduct and Service Guarantees, and informal mechanisms including organisational integrity and public reputation, still need to be exercised. It is essential that there is confidence and credibility within any system funded by the taxpayer. Therefore the purchaser needs to take swift action and terminate contracts when there is evidence of contractor malfeasance.

**Implications of the research**

This research has implications for governments as well as churches and these are discussed below:

**Implications for government**

The rationale given for privatising public employment services in 1998 related to cost-reduction, flexibility, innovation, choice and diversity. The then Minister for Employment, Vanstone noted that jobseekers would benefit from customised assistance that would be ‘tailored to their individual needs and circumstances’ (Vanstone, 1996, p.15). She also stated, ‘no longer will clients be referred to compulsory training courses of little relevance or benefit to their vocational needs’ (Vanstone 1996, p.15).

Despite these lofty claims, contracted employment services in 2014 have evolved into a prescriptive, bureaucratic system that is costly to monitor. The original contracting model was designed to incentivise provider organisations to achieve the desired outcomes with minimal government interference. In particular, the policy intent was to move away from a focus on process driven inputs to an approach that was only concerned with the achievement of sustainable jobs for the long-term unemployed.

This intent was evident in the way in which the contract was constructed. The first contract contained approximately 50 pages of general clauses relating to the
provider’s obligation, whereas the current Deed has grown to over 180 pages of very detailed instructions. Moreover, the 2012-2015 Employment Services Deed is supplemented with a series of guideline documents, which contracted organisations must follow. The instructions issued by the purchaser to contracted organisations amount to over 3,000 pages of rules, according to research undertaken by the Nous Group in 2010.

Notwithstanding the initial design of these services and the rhetoric from politicians that they value the unique contribution of church groups in delivering welfare services, and contracted employment services in particular, the evidence from this study demonstrates that the contracting model curtails their ability to deliver unique or distinctive services. It is this contradiction between the political rhetoric and the practical reality resulting from the adoption of a principal-agent approach to contracting that church-related organisations operating in this field find most frustrating.

If the policy aim in outsourcing public services to private organisations is to encourage flexibility, diversity and innovation, policy makers need to re-evaluate the methods of control used to ensure accountability within the contracting environment. It is not enough to pay lip service to partnering with private organisations to achieve mutual goals; this needs to be demonstrated in the development of trusting relationships between the purchaser and contracted organisations.

The proposition presented in this thesis that church-related organisations assisted government in realising its privatisation agenda might have applied in the area of contracted employment services, where formal government provision of these services existed for over 50 years. However, this is not likely to be the case in other areas of social services, particularly those services that have been dominated by church groups for many decades and where churches have developed their own considerable infrastructure.

Church groups have been part of the mixed economy of welfare since colonial times in Australia, particularly in providing services in the area of homelessness, drug and
alcohol rehabilitation and poverty relief. Indeed, church-related organisations form a critical part of the social services system in Australia. They are amongst the largest providers of community services and their withdrawal from these services would leave a significant gap. Given the important contribution they make in providing support to disadvantaged people, it seems reasonable to suggest that government contractors should find ways in which to create effective partnerships with these organisations to realise mutual goals.

A key theoretical implication of this research is that the principal-agent model of contracting has not assisted government in achieving the goals of diversity and innovation in addressing the complex issue of long-term unemployment and therefore consideration of a different approach is necessary. A type of stewardship model needs to be trialled as an alternative. This approach acknowledges that the contracted organisations are intrinsically motivated to achieve social goals for the public good. The assumptions underpinning stewardship theory suggests that stewards thrive in an environment where the risk orientation is based on trust between the principal and the steward.

In implementing a stewardship approach, the potential for goal divergence is low but needs to be considered. This has been evident to some extent in the approach government has taken to welfare reform in Australia and policing the behaviour and activities of jobseekers. However, it needs to be noted that the goal divergence that occurred when church-related organisations were reluctant to report jobseekers, related to their mission intentions and not the utility maximising behaviour of the agents.

It is possible that there will be times when there is disagreement between the goals of government and the mission of churches. This may be evident in the traditional advocacy role of churches to speak out on behalf of the most marginalised. Notwithstanding, it behoves governments and churches to try to achieve a mutually acceptable position that does not compromise the ability of church-related organisations to deliver their social mission. I argue that this is more likely to occur in a principal-steward relationship than in a principal-agent relationship. Having a primary
focus on the achievement of mutual social goals should ameliorate the potential for goal divergence.

**Implications for church-related organisations**

Despite the fact that church-related organisations have been delivering welfare services in Australia for many years, these organisations appear to be under threat on a number of fronts, not the least of which is the contract environment that has been created as a result of new public management type reforms. These include the privatisation of a number of public services and the entry of for-profit companies into areas that were previously seen to be the domain of public and not-for-profit organisations.

The church leaders interviewed for this study confidently assert that delivering services that support the unemployed to find jobs is theologically defensible. They all agreed that these services are an intrinsic part of their Christian mission. They discussed various scriptural injunctions, which they state provide the rationale for their involvement in the field of contracted employment services. However, given that church leaders are not involved in the day-to-day activities of their contracted employment services arms. I argue that the views of the church leaders about the uniqueness of church-related contracted employment services are likely to reflect the desired state rather than the actual.

The findings from the interviews with frontline staff confirm that the prescriptive employment services contracting model constrains their ability to deliver their holistic mission. This leads me to ask a theoretical question about why churches continue to tender to deliver services when the potential to compromise their mission is so great. Indeed the majority of church leaders stated that they would exit contracted employment services if they were unable to deliver services that reflect their Christian distinctive characteristics.

Although the leaders in each of the organisations in the study noted that they had discussed this issue at length internally, only one organisation at the time of writing
had made the decision to exit. Therefore we can assume that the leaders in the other three organisations believe that their employment services arms are in some way fulfilling their mission. While this may be the case for YouthAssets, where the decision to provide services to a specialist target group of disadvantaged young people helps to mediate the effect of mission creep, this is not the case for the other two remaining organisations.

It may be the case that senior managers of the churches’ employment services arms provide the church leaders with the type of information and advice they are eager to believe. That is the services they deliver are unique and in keeping with the holistic mission of the church. However, the evidence of distinctive service provision is weak. I argue that the data presented in this study presents a compelling case for church-related organisations to revisit their original motivation for being involved in quasi-market based employment services and re-evaluate their position as providers of these services.

Church-related organisations delivering welfare services are caught in a dilemma of sorts. Their early involvement in contracted employment services suited both the agenda of the government and the agenda of church groups. However, their reliance on government funding and reluctance to exit these services has resulted in mission creep. Although this study applies to employment services contracting, the challenges church groups face are likely to be present in other fields of welfare services where government uses a principal-agent approach to contracting. This leaves church groups with the ongoing challenge of whether to accept government funding to help them to fulfil their mission.

In an intensely competitive environment that comprises for-profit as well as not-for-profit and church-related organisations, the tendency is for organisations to emulate the behaviour of those organisations considered to be the most successful in the field. In contracted employment services this has resulted in church-related organisations taking on characteristics and business-like behaviour more commonly seen in for-profit firms.
In fact in this environment, church-related organisations have been caught up in media controversies. The ABC Television’s Four Corners program, The Jobs Game reported that ‘some of Australia’s most venerated charities’, including the Catholic Church and The Salvation Army, have gamed the employment services system (Besser & Russell 2015). This type of publicity and indeed this behaviour have the ability to damage the reputation of these organisations and lead the general public to question the integrity of their motivation and their mission.

Church-related organisations are not the only losers when their mission is compromised or if as a consequence they decide to entirely exit the field of government funded welfare services. As noted by one church leader in this study the cost of welfare provision will likely increase and government will lose the opportunity to access the considerable infrastructure and goodwill that churches have built up over the past 100 years of delivering services. Furthermore those vulnerable citizens who find the need to turn to the church in times of crisis will have limited options if church welfare is compromised or no longer available.

**Conclusion**

This chapter concludes that the principal-agent model has not achieved the policy goals that were articulated when employment services were first privatised in Australia in 1998. Rather than producing flexible, cost effective arrangements that would deliver customised services tailored to meet the needs of individual jobseekers, contracted employment services have become increasingly bureaucratic and prescriptive. Innovation has been constrained as a consequence of the microscopic monitoring from the purchaser and fear on the part of provider organisations. However, I contend that these effects might be mediated if the purchaser adopts a different approach to contracting. This new approach should embrace the behavioural assumptions underpinning the stewardship model and engender an environment of mutual respect and trust.

In the next chapter I draw together the findings that have emerged from this study focusing on the central research theme and the key supporting questions that
underpin this investigation into the impact that the contracting environment has had on the four church-related organisations in this study.
Chapter 10: Conclusion: The disappearing religious influence

Introduction

The emergence of new public management philosophies in Australia has resulted in the development of market type approaches in the delivery of welfare services. The privatisation of public employment services in 1998 and the establishment of an employment services quasi-market is an exemplar of NPM reforms.

This research set out to examine how the contracting environment impacts on the behaviour, mission and discrete identity of church-related organisations delivering contracted employment services. In particular, this inquiry has sought to determine if church-related organisations have been able to deliver distinctive services that reflect their religious identity within the constraints imposed by a tightly constructed contract and the influences stemming from competitor organisations and the government purchaser.

Churches have traditionally established services that are seen to respond to particular needs identified within the community. However, given the key role these organisations have in implementing the government’s welfare reform policies, church-related organisations are now responding to the agenda of government rather than delivering the types of services they perceive will meet the needs of disadvantaged jobseekers. These actions have the potential to undermine the spirit of compassionate care that created and shaped church-related organisations.

Despite the fact that church leaders have stated a desire to deliver distinctive services that differentiate their employment services arms from other organisations in the field; this has not been realised. The prescriptive nature of the contract, together with other environmental factors, means that church-related organisations are largely indistinguishable from other organisations delivering contracted employment services. I conclude that the four church-related organisations in this study have been captured
by the new public management agenda and this has compromised their ability to deliver their unique mission and resulted in identity drift.

**Key Findings**

**Central thesis aim**

I analysed the data that emerged from the study through the lens of four fields of academic thought. Principal-agent theory provided the context for investigating the relationship between the purchaser and church-related organisations compared and contrasted with the relationship these organisations have with their parent church. While the assumptions underpinning the principal-agent approach helped to explain the behaviour of the purchaser; contrasting this with a stewardship approach provided additional insights into how the contractual relationships are likely to be viewed from the perspective of church-related organisations.

This has assisted in understanding this key aspect of the contracting environment and its impact on the church-related organisations; however, these theoretical frameworks were not able to assist me in advancing the examination into how the behaviour of other actors impacted church-related organisations, or indeed, the examination of the forces behind internal secularisation. To assist in this aspect of the investigation I turned to neo-secularisation theory & neo-institutional theory.

Neo-secularisation theory was used to determine if the process of internal secularisation was evident, by focusing on how these church-related organisations are currently structured, the influence of religious authority and evidence of religiosity in internal discourses and documents. Neo-institutional theory underpinned the examination of the environmental field and the extent to which isomorphic pressures influenced the behaviour of the church-related organisations under consideration.

In applying these theoretical frameworks to examine the impact of the contracting environment on the behaviour, mission and discrete identity of church-related organisations, I observed four major effects in each of the organisations. These are:
1. A loss of discrete faith-based characteristics and distinctive service approach, arguably resulting in their unique mission being compromised;

2. The attenuation of religious identity and denominational links;

3. Adaptation to the quasi-market by emulating the business practices more commonly seen in for-profit organisations;

4. Reduced autonomy as a consequence of the way in which the purchaser manages the contractual relationship; resulting in church-related organisations being seen as quasi-government organisations.

These effects are a consequence of being drawn into the government’s agenda to privatise employment services. While this agenda initially suited church-related organisations, and gave them a platform to deliver services to the poor, the resultant mission compromise and identity drift places church leaders in a difficult position. They have established these contracted employment services entities that in most cases are disconnected from the other arms of the church.

These entities employ a considerable number of professional staff, including senior managers who may have a vested interest in the church continuing to deliver contracted employment services. This results in a double capture with internal and external factors influencing the decision to either exit or remain in the contracted employment services field. Moreover, if church leaders do choose to exit the field, as well as having to retrench their employees, they risk the potential of disappointing government ministers that are keen to see the ongoing involvement of churches in the delivery of these services. These compounding considerations are likely to obfuscate and complicate their decisions in respect to government contracting and perhaps factor in their conviction that their mission is being upheld even when the evidence suggests that this is not the case.
Key research questions

Four supporting research questions assisted in the investigation of the central aim of this thesis, a brief summary of the key findings that emerged from each of these questions is presented below:

1. Mission compromise

The church leaders interviewed for this study openly stated that they had expectations that their contracted employment services should be distinguishable from other contracted employment services organisations. They also asserted that if this ceases to be the case then they should no longer be involved. In making these assertions these church-leaders proclaimed the importance of guarding against mission compromise.

They described their mission using theological terms and made reference to scriptural injunctions relating to care for the poor and marginalised. Themes of justice and the importance of human dignity were prominent in each of their responses. Based on their description of the Christian mission, one might expect to see evidence of the following four characteristics in church-related contracted employment services:

i. An intentional focus on supporting the most disadvantaged jobseekers: in keeping with the scriptural imperatives to care for vulnerable and marginalised people;

ii. Unique service provision: this being services that reflect the hallmarks of the Christian mission and differentiate these church-related organisations from other contracted employment services providers;

iii. Going the extra mile: providing assistance that extends beyond the specific demands of the contract;

iv. Social justice emphasis: this might be expressed in a particular advocacy position or in organisational breaching policies that articulate the organisation’s position in respect to sanctions being applied to vulnerable jobseekers.
The findings from each chapter have been analysed to determine whether these mission characteristics are evident in the four church-related organisations in this study. Table 20 provides an indication of the organisations that demonstrated these characteristics (those marked with a tick) and those organisations (those marked with a cross) where the evidence of these characteristics was weak.

Table 20: Explicit evidence of distinguishing characteristics

<table>
<thead>
<tr>
<th></th>
<th>Disadvantaged jobseeker focus</th>
<th>Unique services</th>
<th>Going the extra mile</th>
<th>Social justice emphasis</th>
</tr>
</thead>
<tbody>
<tr>
<td>YouthAssets</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>X</td>
</tr>
<tr>
<td>ConcernLink</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>GospelWorks</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Faithplus</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

There was some evidence of three characteristics, disadvantaged jobseeker focus, unique service provision and going the extra mile in YouthAssets. This organisation has managed to maintain these characteristics essentially because of an internal resolve to only deliver services to a specialist disadvantaged youth target group. Moreover, the governing board of this organisation contributes additional finances from its own reserves to fund complementary services to support these young people.

However, the consolidated data presented in this table clearly illustrates that this study could find no evidence of distinguishing characteristics in the majority of cases. There was no evidence of a particular social justice emphasis or operational priorities that differentiate any of these organisations from their secular counterparts. The specific issues are examined in more detail below:

i. **An intentional focus on the most disadvantaged jobseekers**

The church’s concern for the most vulnerable within society is emphasised in the literature on faith-based organisations and reinforced in various church missional documents. Therefore the practical ethics of church-related organisations suggests that they would preference the most disadvantaged jobseekers in targeting their service efforts. However, there is an inbuilt
tension in delivering contracted employment services that require all contracted organisations to provide labour exchange services that meet the needs of employers as well as a range of jobseekers. There is no capacity for church-related organisations to exclusively focus on those who are most vulnerable and disadvantaged. This has the potential to create mission creep within church-related organisations as they turn their attention to delivering services to client groups, including employers that do not necessarily fit with the mission to support the most vulnerable and disadvantaged.

While several of those interviewed stated that they focused on assisting the most disadvantaged I did not find any evidence to suggest that the church-related organisations were more attentive to the needs of the most disadvantaged jobseekers. Jobseekers are usually randomly allocated to a contracted employment services provider. Although some jobseekers exercise a choice in selecting a particular organisation, they tend to choose their service provider on the basis of location rather than organisational attributes. Therefore the share of disadvantaged jobseekers is likely to be equalised across all organisations, FP, NFP and church-related organisations alike.

The practical implications of remaining faithful to this aspect of the Christian mission means that church-related organisations need to carefully consider the impact of their tender bid strategy on their mission. They may for example focus on lower socio-economic geographic regions when tendering to deliver welfare services, or indeed refrain from bidding to deliver some types of services.

Senior managers from one organisation in this study, YouthAssets, noted that they maintain steadfastly focused on their mission to support the most disadvantaged when developing their bid strategies. To this end, they argue they would not bid to deliver services in affluent regions, choosing to focus on only those areas of social and economic deprivation. There was no evidence that the other three organisations gave consideration to these issues when developing their tender strategies.
ii. Unique service provision

The church leaders interviewed for this study asserted that the unique hallmarks of Christian based services ought to be evident in the way in which their employment services are delivered. However, despite the view held by many of those interviewed that church-related employment services are different, this study found limited evidence of distinctive service provision amongst the organisations under consideration. As noted, there was some evidence of discrete service provision in only one organisation, YouthAssets. Essentially the unique service proposition relates to the particular needs of their specialist target group. The other three organisations are contracted to deliver services to a generalist client group and I was unable to find any unique service features in these organisations.

Some might argue that access and equity principles demand universal access and standardised service provision as an ideal, rather than services delivered from a religious ethos. However, this refutes the rationale given at the commencement of outsourced employment services in Australia when diversity was seen to be the key to innovation in tackling the social problem of unemployment and long-term unemployment in particular.

iii. Going the extra mile

There is an expectation that church-related organisations deliver services that add value and go the extra mile in meeting the needs of clients. Going the extra mile in the context of contracted employment services might involve assisting jobseekers beyond the requirements of the contract; extending the provision of higher levels of service to jobseekers that do not fall into a designated service stream; or providing assistance to jobseekers that do not attract a fee.

There is nothing within the contractual rules prohibiting service providers from using their own resources to deliver a higher level of service or indeed to extend services to jobseekers that do not meet specific eligibility criteria. However, this study did not find any evidence of church-related organisations
assisting jobseekers beyond the bounds of the contract or accepting jobseekers that do not meet the eligibility criteria for payment. On the contrary, interviewees from two organisations referred to the tensions created within their affiliated church when their contracted employment services were unable to assist those referred from either the congregation or other welfare arms of the church.

iv. Social justice approach

The contentious aspects of mutual obligation that result in sanctions being applied to unemployed people have drawn criticism from social justice advocates and church groups since the policy was introduced in the 1990s. Church-related organisations delivering contracted employment services are contractually obligated to monitor each jobseeker’s activity and report non-compliance to Centrelink, a practice commonly known as breaching. This aspect of the contract calls into question the traditional role of churches in protecting the poor and advocating for progressive social values. Their contractual responsibility has the potential to turn church-related organisations into para-government agencies, as well as creating tensions within the broader church.

Moreover, jobseekers reported for non-compliance are likely to incur a penalty to their income support payment and in some cases may turn to church charities for financial relief as a consequence. It is within the remit of church-related organisations to develop internal policies on the issue of breaching to provide guidance to their staff and make clear their organisation’s position on this somewhat contentious issue. Given the church advocacy role, it could reasonably be expected that they might develop organisational policies specifically designed to mediate the impact of breaching and protect vulnerable jobseekers from loss of income. However, none of the church-related organisations in this study had developed a specific position or policy in respect to breaching jobseekers; rather this action is left to the discretion of frontline staff.
The initial criticisms and concerns raised by church groups about mutual obligation policies and breaching practices are not as evident in the four church-related organisations under consideration. I argue that, to some extent, these organisations have been able to draw an alignment between the church’s ideals and what they see as a moral imperative of people being engaged in the workforce. In this respect their views coincide with neo-liberal workfare principles. However, tensions still remain in what is sometimes seen to be a mission conflict by social justice advocates and other arms of the church.

2. Neo-secularisation

The neo-secularisation theory developed by Chaves (1993a, 1993b) is a useful framework for examining how church-related organisations manage the competing secular and religious influences. Chaves’ contends that secularisation is the decline of religious authority rather than the decline of religion per se. This study validates this theory to some extent. Faithplus is the one organisation in this study where expressions of religiosity are overt. Unlike the other three organisations in the study, Faithplus uses explicitly religious language in a number of organisational documents and its mission statement contains overtly Christian references. This is largely as a result of the influence of the religious authority structure, via the CEO who is an ordained minister of religion and responsible for the congregational activities and welfare arms.

Grant et al (2003) note that clergy surrogates can have an impact in upholding the religious nature of organisations. Chaplains, members of the Religious Order and Christian lay leaders act as clergy surrogates in the other three organisations. Their influence helps to maintain some reference to religiosity however this is not as explicit as in Faithplus. Despite the fact that efforts are made to remind staff of the organisation’s religious foundations; religious identity has nonetheless been attenuated to varying degrees in each of the organisations under consideration. This would suggest that, although not yet complete, the process of internal secularisation is at the very least an ongoing threat within church-related organisations.
There are a number of explanations for church-related welfare organisations downplaying their religious identity. Firstly, Australia is becoming a more secular society and the importance of religion within the public-square is in decline (Bouma 2012; Frame 2009). Several of the church leaders interviewed referred to growing secularism and the lack of appreciation of what churches contribute to the public good. Moreover, religious organisations in Australia are under scrutiny as a consequence of the evidence coming from the Royal Commission into Institutional Responses to Child Sexual Abuse. Several senior managers, interviewed for this research, referred to these issues in reflecting on the place of churches in Australian society.

Secondly, the increasing professionalisation that has occurred within welfare services since the 1960s, coupled with anti-discrimination laws, means that church-related organisations recruit staff on the basis of their professional skills rather than focusing on a specific religious criterion. Only four of the 42 people interviewed for this study stated that they specifically chose to work for a Christian based organisation.

Therefore, given the secular environment that these church-related organisations operate within, it is not surprising that the religious ideals of Christianity are implicit rather than explicitly expressed. This is no less legitimate, provided the characteristics of the Christian mission are evident in the way in which services are targeted and delivered.

Even for church leaders it would seem that displays of religiosity are not seen as the most critical element of Christian welfare services in Australia. A more substantive issue for them is that their services reflect the Gospel imperatives to care for the disadvantaged and demonstrate compassion and respect to all jobseekers. Whether that is possible within the increasingly punitive and coercive policy context of contracted employment services remains under question.
3. Isomorphism

Neo-institutional theory provides a convincing explanation for the behaviour of church-related organisations in this study. Neo-institutional theory pays attention to the influence of the elite actors in developing the cultural norms, rules and practices within the institutional field that then become institutionalised. Conforming to the commonly accepted rules, norms and practices promises success and legitimacy for organisations operating in the same institutional field. It also, however, creates isomorphism. This means that church-related organisations begin to resemble their secular counterparts.

The generality of institutional theory is demonstrated to a large extent in this study. This investigation found evidence of coercive isomorphism. The pressures associated with government mandates and in particular the prescriptive nature of the Deed limits divergence from the cumbersome and bureaucratic rules and processes that have evolved in the contracted employment services field. This has resulted in convergence and the standardisation of services across the different agency types delivering these services, including the four church-related organisations.

There is also evidence of mimetic isomorphism as the church-related organisations under consideration imitate the behaviour of the more successful organisations. In particular, this includes embracing commercial strategies that are more commonly associated with for-profit firms in order to survive in the contracted employment services quasi-market. Church leaders and senior managers justify their actions by suggesting that they are better able to assist the unemployed; specifically arguing that for-profit organisations do not have the same motivation or concern for the poor that the church does.

Nonetheless, embracing a corporatist and business culture has the potential to challenge the normative role and values of church-related organisations as intermediaries in civil society. Indeed, becoming more like a commercial business, and competing with these organisations for government funding on an equal footing, may
even result in the ultimate end of church-related organisations as recognised charitable institutions within the field of contracted employment services.

4. Contractual relationships

Agency theory explains the dominant approach taken to managing contractual relationships in government contracting regimes. In this thesis, agency theory has been contrasted with stewardship theory to gain an understanding of the actions of the various actors. I contend that church-related organisations view themselves as stewards. The purchaser, however, views them as agents. These divergent approaches in the contractual relationship create tensions and frustrations within church-related organisations.

A key argument for adopting the agency approach in employment services contracting relates to post contractual opportunism, specifically perceived inappropriate actions taken by the contracted organisations. The purchaser has responded by tightening the rules to control the aberrant behaviour on the part of some provider organisations.

While the agency approach to contract management may work when the contracted organisation is expected to deliver a simple product or service, it is less satisfactory in trying to regulate complex service arrangements that deal with the wicked social problem of long-term unemployment. Making the contract more prescriptive limits the opportunity for employment services providers to respond to the complex range of barriers and personal circumstances of each jobseeker. Moreover, imposing new rules and continually changing the guidelines increases the complexity for those working in the contracted organisations. They find it difficult to stay abreast of, what is and what is not permissible within the ever-changing rules.

As a consequence they may inadvertently break the rules in assisting a jobseeker; in these cases the agent is not necessarily acting with guile but rather endeavouring to do the best they can to support their client. However, if these actions are seen to be widespread, the purchaser creates more rules and increases the contract specificity.
This process of action and reaction creates a compounding effect that results in unwieldy red tape and administration at the expense of services to the unemployed.

**Limitations of this research**

Church-related organisations argue that their Christian mission is evident in the way in which they care for the most disadvantaged or ‘hardest to help’ jobseekers. Indeed, they argue that they are known for this approach and this attracts jobseekers with complex needs to their services.

One of the limitations of this study is the unavailability of data to validate these claims. Firstly, the definition of the ‘most’ disadvantaged is subjective and, secondly, the data on the caseload content and sizes across the entire employment services system are known only to the purchaser and regarded as commercial-in-confidence.

Despite prompting, interviewees were generally unable to explain how their caring approach was manifested in tangible ways, other than to say that jobseekers tell them they are more caring. It was beyond the scope of this study to interview jobseekers to examine their perceptions of service responsiveness from church-related organisations compared to services received from other contracted organisations.

The firm belief by these church-related organisations that they are better able to assist jobseekers with complex needs is suggested as an area for further study, particularly in light of the policy context within which these organisations operate. It would be useful to interview jobseekers who have been clients of both church-related and non-church related contracted employment services organisations to investigate their views on the type of support they received.

**Original contribution to knowledge**

This research project makes a contribution in a number of areas and has important implications for theory and practice.
In focussing on how the church-related organisations perceive their relationship with the purchaser, this thesis extends the understanding of the principal-agent model in contracting. The theoretical implication is that this model of contracting has failed to achieve the policy goals that were articulated when employment services were first privatised. One of the dangers in constantly modifying the contract to address what are seen to be principal-agent problems is that the administrative processes and red tape that accompany contract compliance have the tendency to obscure the primary goal of the principal. Thus creating confusion and frustration on the part of the contracted organisations.

A unique connection is made in this thesis in adapting the Principal-Manager Choice model developed by Davis et al (1997) and applying this to the relationships developed between a government purchaser and a provider organisation. This thesis demonstrates that this model (initially developed in management theory, to describe how tensions can develop in the relationships between a principal and a manager) has application in the context of a purchaser and provider relationship. When the purchaser adopts an agency position and the contracted provider chooses a stewardship position, a dilemma occurs. As this thesis has demonstrated, when the purchaser controls stewards as if they are agents, the steward feels betrayed. The adaption of the Principal-Manager Choice Model (Davis et al 1997) to a Purchaser-Provider Choice Model brings interesting perspectives and theoretical constructs to stewardship theory and demonstrates a clearer application to government contracting regimes.

This thesis, however also demonstrates the limitations of both agency and stewardship theory in government contracting, particularly in market-based approaches to social service contracting. The literature of stewardship theory argues that this approach to contracting is a preferred approach in contracting with not-for-profit organisations to deliver social services. The convergence that is occurring within the employment services quasi-market is creating new organisational types, where a blending of the organisational characteristics that have been traditionally seen to underpin the not-for-profit or for-profit sectors, respectively, are now found across both sectors. This includes the increasing commercialisation evident in NFP and church-related
organisations and a growing social concern emerging in for-profit organisations. The social concern seen in these for-profit organisations appears to be driven by frontline staff and is different to the corporate charity approach previously associated with good corporate citizens. These emerging features in different agency types, suggest that a blending of agency and stewardship theory is necessary to achieve the policy goals of diversity and innovation while ensuring public accountability.

Therefore new approaches to contract management in social service contracting should take into consideration the elements of agency and stewardship theory. If government is to address the complex wicked social problem of long-term unemployment in partnership with third parties, a more collaborative approach needs to evolve. Frumkin’s (2000) model of ‘pluralistic autonomy’ shows promise and could be developed into a useful contract governance framework. Social service contracting needs to move beyond a one size fits all approach, and rather focus on developing contractual conditions that reward organisations that bring the values of integrity, altruism, innovation and cooperation to program development and delivery.

This thesis also contributes to the literature relating to how church-related organisations manage the competing demands of the religious and secular fields they occupy; concluding that their religious identity and links to the broader parent denomination are attenuated. What we learn from neo-secularisation is that if churches wish to retain their religious identity, they need to carefully consider the structure and governance arrangements they put in place for their welfare arms. However, this thesis, contributes further to the literature on neo-secularisation by providing support to the clergy surrogate argument put forward by Grant et al 2003. There is evidence that the presence of clergy surrogates in these church-related organisations provides some reference to religiosity. This suggests that adaptations are needed to neo-secularisation theory, to include consideration of the role of clergy surrogates in maintaining religious identity and ideals within church-related entities.

In considering neo-institutional theory, this thesis raises important issues for values based organisations such as church groups. Neo-institutionalists contend that conforming to the norms, culture and narratives of the field helps organisations to gain
legitimacy and secures their survival. However, I argue that the convergence that results from isomorphic pressures is likely to pose problems for church-related organisations. Being able to distinguish themselves from commercial organisations is particularly important for values based organisations reliant on public donations and government funding to finance their operations.

Public and private donors are likely to be drawn to organisations that demonstrate a unique proposition in addressing social issues, rather than to those who are perceived to be doing the same as every other organisation. Church leaders claim that they want their employment services arms to be seen as distinctive and indeed, if they are the same as every other organisation operating within the contracted employment services field, then they believe they should exit. These findings diverge from current thinking on neo-institutional theory and bring a new perspective to the concept of organisational legitimacy. Church-related organisations have to strive to be accepted and gain legitimacy beyond the institutional field. Their continued survival relies on maintaining legitimacy within their broader church and their supporters.

Understanding how isomorphic pressures impact organisations should lead to the development of management theories to assist organisations in resisting these pressures. A key aim for church-related organisations might be to find ways to maintain their distinctive attributes and achieve legitimacy not only within the institutional field but also within their own constituency.

This thesis empirically demonstrates that the quasi-market environment established as a consequence of the NPM reform agenda creates conditions that cause church-related organisations to ultimately lose their distinguishing features. In the context of welfare provision, the market values that prevail create tensions for churches. Indeed, in some respects market values that focus on profitability, commodification and commercial interests might be seen as the antithesis of the gospel values of compassion, community and justice. This is a critically important issue for church leaders to consider, particularly in light of the government’s position on competition policy and the stated objective to encourage greater competition in the provision of social services.
The recommendations emanating from the recent Competition Policy Review (Harper et al 2015) suggest that a range of social services will be opened up to competition between for-profit, not-for-profit and church-related organisations in Australia. In this type of environment, church-related organisations will be faced with the dilemma of opting out of government funded welfare services or risk the potential of selling out their unique mission and values - unless they are able to find a way to preserve their traditional values and mission intent.

Conclusion

In this research project I specifically sought evidence of the hallmarks that have been attributed to church-related organisations in their service to the poor and marginalised. I expected to see a demonstration of uniquely religious characteristics and normative values that might differentiate these organisations from their secular counterparts in the approach they took to assisting the unemployed. However, the evidence of this is weak.

The pressures emanating from the institutional field result in drawing church-related organisations away from their focus on the unique aspects of the Christian mission. Despite efforts from church leaders to maintain a theological inheritance and Christian distinctiveness in delivering contracted employment services, the influence of the purchaser draws them closer to the agenda of government and away from their denominational roots. While the impact of various aspects of the contracting environment can be explained using neo-secularisation and neo-institutional theory, the major influence on the behaviour, mission and identity of the four church-related organisations in this study stems from the principal-agent model of contracting.

In effect, this approach on the part of the purchaser views all contracted service providers, including church-related organisations as agents motivated by self-interest as opposed to stewards working in partnership with government to achieve shared goals. As a consequence the contract has become increasingly directive and services standardised. This is despite the fact that the initial contracting arrangements emphasised a more flexible approach, which saw church-related organisations thrive in
successfully placing disadvantaged jobseekers in work. The tightened rules and increased prescription within the contract reflect not only a desire to control the agents, but also to ensure that the political goals of government in respect to its welfare reform agenda are supported.

I conclude that the microscopic monitoring that underpins this approach has not only increased the cost of managing this system; it has undermined the benefits that could flow from the altruistic mission of the church-related organisations in this study. More critically, however, church-related organisations have been drawn into a system that has compromised their distinctive mission and identity.
Reference List


Breward, I 1993, A history of the Australian churches, Allen & Unwin, St. Leonards, NSW.

Brown, RPC 2013, Towards a Personal Ontology of the Church: The Church as Bride in the Theology of Congar and Bulgakov, Doctoral Thesis, Durham University, United Kingdom.


Bruttel, O 2005, ‘Managing competition in a public service market: the Job Network in an international perspective,’ Crawley, WA: Centre for Labour Market Research, University of Western Australia.


Cahill, D, Bouma, G, Dellal, H & Leahy, M 2004, Religion, Cultural Diversity and Safeguarding Australia: A Partnership under the Australian Government’s Living in Harmony initiative, Department of Immigration and Multicultural and Indigenous Affairs, Australian Multicultural Foundation in association with the World Conference of Religions for Peace, RMIT University, Monash University, National Capital Printing, Canberra.


Carney, T 2007, Welfare reform? Following the 'work-first' way, Brotherhood of St. Laurence: The Centre for Public Policy, University of Sydney, Sydney.


Cleary, M 2007, *Management dilemmas in Catholic human service: health care, welfare, and education; with a commendatory preface by Patricia Wittberg*, Edwin Mellen Press, Lewiston, N.Y.


Cooper, Natalie 2011, *A review of Australian government labour market policies since 1945*, The Australian National University, Canberra.


Davies-Kildea, J 2007, *Faith in Action: A study of holistic models of care for highly disadvantaged people which have been established in faith-based communities.*, The Winston Churchill Memorial Trust and The Salvation Army Melbourne.


DEEWR [Department of Education, Employment and Workplace Relations], 2008, Request for Tender For Employment Services 2009-12, Commonwealth of Australia, Canberra.


Finn, D 1997, Working Nation: welfare reform and the Australian Job Compact, for the long-term unemployed, Unemployment Unit, London.


Finn, D 2011, Job Services Australia: design and implementation lessons for the British context, Department for Work and Pensions, Research Report No 752. Sheffield.


Fowkes, L 2009, ‘Non-profits and the Job Network’, in P Saunders & M Stewart-Weeks (eds), Supping with the devil, government contracts with the non-profit sector, CIS Policy Forum 16, The Centre for Independent Studies, St. Leonards, NSW.

Fowkes, L 2011, ‘Rethinking Australia’s Employment Services,’ The Whitlam Institute within the University of Western Sydney, Sydney, NSW.


Gillham, B 2000, Case Study Research Methods, TJ International Ltd., Padstow, Cornwall.


Gladwin, J 1979, 'Evangelism and Social Action', paper presented to General Council meeting: South American Missionary Society.


Good Shepherd 2014, A new system for better employment and social outcomes, Good Shepherd Australia New Zealand, Melbourne.


Griffiths, E 2013, 'Coalition announces plan to give welfare claimants up to $15,500 for finding a job', *ABC News*, Sydney.


Hatfield-Dodds, L 2013, 'Uniting is Practical: Faith Based Social Services in the Australian Context', paper presented to Joint Conference of the Chinese Christian Council/Three-Self Patriotic Movement and the Uniting Church in Australia, Nanjing, China.


Jobs Australia 2012, Submission to the Advisory Panel on Employment Services Administration and Accountability, Jobs Australia, Melbourne.


Family Studies.


Morrison, S 2015b, Address to not-for-profit leadership conference, Sydney.

Morrison, S 2015c, A good deal on welfare, Address to the ACOSS national conference, Sydney.


Murphy, J 2011a, A Decent Provision: Australia Welfare Policy. 1870 to 1949, Ashgate Publishing Limited, Farnham, Surrey.

Murphy, J 2011b, 'Church and State in the history of Australia welfare', pp. 261-285, in H Carey & J Gascoigne (eds), Church and State in Old and New Worlds, Brill, Leiden/Boston.


Murphy, Sean 1999, Questions raised about government approach to welfare, ABC. 7.30 Report, Sydney.


O’Halloran, K 2007, *Charity Law and Social Inclusion: An international study*, Routledge,


Paine, AE, Ockenden, N, & Stuart, J 2010, ‘Volunteers in hybrid organisations: A
marginalised majority’ in D Billis (ed.), Hybrid organisations and the Third Sector: Challenges for Practice, Theory and Policy, Palgrave Macmillan, Basingstoke, Hampshire.


Read, JA 1986, ‘Deacons and Samaritans: Christian Reflections on professional social work’ in JD Waldron (ed.), *Creed and Deed*, The Salvation Army, Canada.


Saunders, P 2013, *Re-moralising the welfare state*, The Centre for Independent Studies, St. Leonards, NSW.


Simper, J 2009, *Submission from MercyCare: Inquiry into the DEEWR tender process to award employment services contracts*, Senate Submission, Parliament of Australia, Canberra.


Struyven, L 2014, 'Varieties of Market Competition in Public Employment Services: A Comparison of the Emergence and Evolution of the New System in Australia, the


Thiemann, R, Herring, S, & Perabo, B 2000, ‘Responsibilities and Risks for Faith-Based Organizations’, in MJ Bane, B Coffin & R Thiemann (eds), *Who will provide? The*


Thompson, D 2010, ‘Jobs Australia submission to the statutory review of the Job Seeker Compliance System,’ Jobs Australia, Melbourne.


Webster, M 2002, 'A view from the church agency perspective', in A Nichols & M Postma (eds), The Church and the Free Market: Dilemmas in church welfare agencies accepting contracts from government, Victorian Council of Churches, Theological Forum, Melbourne.


Whyte, S 2014, 'Failure to pass social services legislation costs the budget $3 billion', Sydney Morning Herald, Fairfax Media, Sydney.


Young, N 2013, ‘Army walking a spiritual tightrope’, The Salvation Army, Australia Eastern Territory, Pipeline, Vol. 17, No. 4, pp. 6-7.


Appendices

Appendix 1: Frontline staff questions

1. What role do you have in this organisation and how long have you worked in this role? Have you worked for another contracted employment services provider or what was your background prior to working in employment services? What age bracket do you fit into?

2. Did you know that this organisation was a Christian based organisation when you applied for the position here?

3. Did you specifically choose to work for a Christian based organisation?

4. If so, what motivates you to work for a Christian based organisation?

5. Describe the mission and key goals of this organisation?

6. How would you describe the Christian mission of the organisation?

7. Do you feel that management encourages a Christian ethos within the organisation (or when dealing with jobseekers)?

8. Is there a specific recruitment practice or induction program to ensure that staff understand or have a commitment to the Christian mission?

9. How influential is the Employment Services Deed (contract) or ESS in shaping the environment that you operate in or dictating the service model that you deliver?

10. Do you believe that you have freedom to implement a distinctive Christian mission within the constraints of the Employment Services Deed?
11. If yes, how to you do this, what does the Christian mission look like? How is the religious identity communicated to key stakeholders?

12. Are there any tensions or conflicts with trying to manage the contract requirements and at the same time focus on delivering the mission?

13. Does your organisation have a specific policy in relation to breaching job seekers? Is breaching discouraged, encouraged or is it up to the discretion of the employment consultant?

14. Do you think your work practices are different to other contracted employment services (JSA) organisations?

15. Does this organisation provide any unique services to either jobseekers or employers? If yes, can you describe these?

16. Do you think this organisation provides a ‘better’ service than other non-profit organisations contracted to deliver contracted employment services (JSA)?

17. Do you have a relationship with the parent church or other programs delivered by the parent denomination? If yes, what does this entail?

18. Do you think that this church-related employment service is more connected to DEEWR or other organisations in the employment services field than to the parent church? i.e. what is your relationship to local congregations or other services delivered by the wider organisation?

19. Does being part of a church organisation assist or hinder you in the delivery of employment services?

20. Do you think there is a risk that your organisation may be perceived as an arm of government?
Appendix 2: Senior managers questions

1. How would you describe the organisation that you work for, do you see it as a Christian organisation or church-related?

2. What role do you have in this organisation and how long have you worked in this role. Have you worked for another contracted employment services (JSA) provider or what was your background prior to working in employment services?

3. Did you know that this organisation was a Christian based organisation when you applied for the position here?

4. Did you specifically choose to work for a Christian based organisation? If yes, what motivates you to work for a Christian based organisation?

5. Describe the mission, values and key goals of your organisation?

6. How influential is the Employment Services Deed/contract in shaping the environment that you operate in or dictating the service model that you deliver? [Discuss the relationship with the Department of Employment, Education and Workplace Relations (DEEWR)]. Are there tensions in marrying the mission and values of your organisation with the requirements of the Deed?

7. Do you think it’s important for Christian organisations to be distinctive i.e. different from secular organisations delivering similar services?

8. Do you believe that you have freedom to implement a distinctive Christian mission within the constraints of the government contract?

9. If yes how do you do this? How is your service different, can you describe the value-add?
10. Is your religious identity communicated to key stakeholders, if so how?

11. Do you think the government contract managers understand and respect the unique attributes of Christian organisations?

12. Have you ever felt that your organisation needs to ‘play down’ its religiosity in order to win contracts?

13. Do you think there is a risk that your Christian mission might be compromised as a result of government funding requirements?

14. Is there a danger or a risk that you might be regarded as an arm of government or a commercial business? If yes, how do you guard against this?

15. Would you say that the frontline staff members within your organisation understand the Christian mission of the organisation?

16. Is there any specific recruitment practice or staff induction to ensure that staff understand or have a commitment to the Christian mission?

17. How do you think your frontline staff, fulfil the Christian mission in their day-to-day activity?

18. What is your organisation’s policy and approach in respect to breaching job seekers, i.e. reporting them to Centrelink with the expectation that their income will be reduced?

19. Do you expect to generate a profit from employment services?

20. Does being part of a church organisation assist or hinder you in the delivery of employment services?
21. Do you think that this church-related employment service is more connected to DEEWR or other organisations in the employment services field than to the parent church?
Appendix 3: Church leaders questions

1. How would you describe the Christian Mission and what are the distinctive attributes of this Christian mission?

2. How are the mission intentions manifested in your church-related welfare services?

3. How is your religious identity communicated to key stakeholders?

4. Do you see your employment services as an intrinsic part of your Christian mission?

5. If yes, in what way? What do you see as the hallmarks of Christian employment services?

6. Do you believe that government contractual arrangements may create a dilemma for the organisation in terms of mission drift? And/or is there a danger or a risk that you might be regarded as an arm of government or a commercial business?

7. If yes, how do you guard against this? Do you think there is a need for government contracts to provide more flexibility for faith groups in particular, to enable them to deliver services in accordance with their mission imperatives?

8. Do you believe that Board members, management staff or frontline staff should profess a Christian faith in order to deliver the mission?

9. Can you give reasons for your response?

10. Does your Christian mission inform the decision-making processes in relation to your employment services?
11. If yes, in what way?

12. Would you say that the staff members working in your employment services centres understand the Christian mission of the church?

13. How do you think they fulfil this in their day-to-day activity?

14. Is there another type of government-funded service that your organisation delivers, for example, homelessness services or aged care, where the religious or spiritual aspects of your mission are more evident?

15. If yes, which service and why do you think this is the case?

16. Thinking about your employment services, do you think that they take their lead from DEEWR or other employment services providers or do you think that they are more influenced by the parent church? If yes, does this present any tensions within the church?

17. To what extent is the religious authority structure/clergy involved in the management of your employment services?

18. Under what circumstances would you withdraw from delivering government-funded services employment services?

19. Can you outline any specific challenges or tensions associated with delivering government funded employment services?
Minerva Access is the Institutional Repository of The University of Melbourne

Author/s:
Gallet, Wilma

Title:
Christian mission or an unholy alliance?: The changing role of church-related organisations in welfare-to-work service delivery

Date:
2016

Persistent Link:
http://hdl.handle.net/11343/92350

File Description:
Christian mission or an unholy alliance?: The changing role of church-related organisations in welfare-to-work service delivery