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**Nonprofit Provider Paradigms:
Excellence, Sustainability, Viability and Identity**
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Abstract

*An emergent 'nonprofit provider' typology identifies and elaborates two dimensions of organisational change and four practice paradigms for community and health services nonprofit organisations in Western Australia. The two dimensions of the typology relate to the nature of 'attrition or accumulation' of services and the nature of 'atrophy or aggregation' of infrastructure. The practice paradigms have been called 'excellence', 'sustainability', 'viability' and 'identity' to represent the main thrust of organisational concern within each paradigm. Each paradigm involves a set of different ideas about governance, management and service delivery. The typology has emerged from a follow-up study to *Powerless Places and Placeless Powers*, which explored organisational reshaping in Western Australian community and health services from 1984-1996. The original study identified parameters of the new geographies of the third (nonprofit) sector within the institutional context of community and health services practice. The follow-up study mapped ongoing organisational reshaping from 1997-2005. Combined the two studies provide a 20-year window into nonprofit organisational change in (Western) Australia.*

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Introduction

Several complex ... strategies have been identified in ...
the contemporary organisation of the Australian welfare state.
Each attends to a different problem; yet each appears to impinge
on other territories and other values. ...
Clearly no set of ... arrangements comes cost-free. ...
So by what map and compass are practitioners, observers
and activists to transverse and negotiate this ... maze?
(Beilharz, Considine & Watt, 1992, p. 140-141)

In the period 1995-1998, I conducted a study of change in the community services and health nonprofit organisations in Western Australia retrospectively for the period 1984-1996 (Earles 1999). At the time I was mapping the nature of the changes across diverse organisations and essentially I was developing a *map* of the sector with and for practitioners. There was a lot of detail with considerable messiness.

I was able to identify some dimensions of both realignment and reframing of the nonprofit sector to *providers*. The realignment of the nonprofit sector involved changes to provision and funded service management roles within nonprofit organisations. Small nonprofit organisations developed management units and service units with new service units added laterally to structures. Larger nonprofit organisations developed management divisions and consolidated their service teams in localised service delivery units. The realignment also impacted planning and fund-seeking roles within organisations. Small organisations carved out coordinator positions to take on these roles while larger organisations created specialist planning and fund-seeking positions and regionalised or deregionalised these in a synchronised dance with government funding officer structures. The reframing of the nonprofit sector in this period also impacted provision and funded service management, and planning and fund-seeking roles. Nonprofit organisations became the provider units of the state under contract. A new regionalism emerged with some nonprofit organisations taking on head (state) contractee roles for other organisations or 'big sister' mentoring roles. New separatisms also became apparent between advocacy and funded service management and between service provision using organisational funds and that using state funds.

In 2005 with this map in hand I came back to Western Australia in effect to update the map for the period 1997-2005 and provide a 20 year window into nonprofit organisational change. The empirical exploration of the (re)shaping of the nonprofit sector from 1984-1996 had focussed on *performance* – the state of play. This time, 2005, the focus was *movement* and what has emerged is more *compass* than map. This compass takes the form of an emerging typology of *nonprofit provider paradigms* which will be articulated for the first time in this paper.

Methodology

Developing a typology of nonprofit organisations requires that you identify critical dimensions – in this case, these dimensions were dominant trends in the sector. Dimensions were established by asking: *what were the most consistent messages from nonprofit organisations in relation to the major trends in the sector?* As the focus of the study was organisations, it not surprisingly followed that the key dimensions related to change in what the organisations did and how they were constituted.

Juxta-positioning these major dimensions produces four quadrants – in this case, these quadrants represented the emerging nonprofit provider paradigms. These paradigms were articulated through interrogation of the organisational changes described by practitioners in nonprofit organisations – the data set (see below). The questions used for interrogation arose inductively from the data analysis process and were informed by existing understandings of the nonprofit sector.

The questions used to interrogate the emerging paradigms for key parameters were

- The major organisational concern is ...*
- The organisational metaphor is ...*
- The organisational viewpoint is ...*
- The basic organisational goal is ...*
- The critical organisational dimension is ...*
- The organisational change strategy is ...*
- The major organisational change agent role is ...*

Key characteristics of organisational systems that related to the emerging paradigms could also be uncovered.

- The governance structure is ...*
- The governance process is ...*
- The management structure is ...*
- The management process is ...*
- The operational structure is ...*
- The operational model is ...*
- The relationship between governance, management and operations is ...*

Similarly key organisational resources were distinctive for each paradigm.

- Funding is ...*
- Volunteers are ...*
- Staff are ...*
- Assets are ...*

The emerging paradigm interrogations also hinted at the nature of relationships.

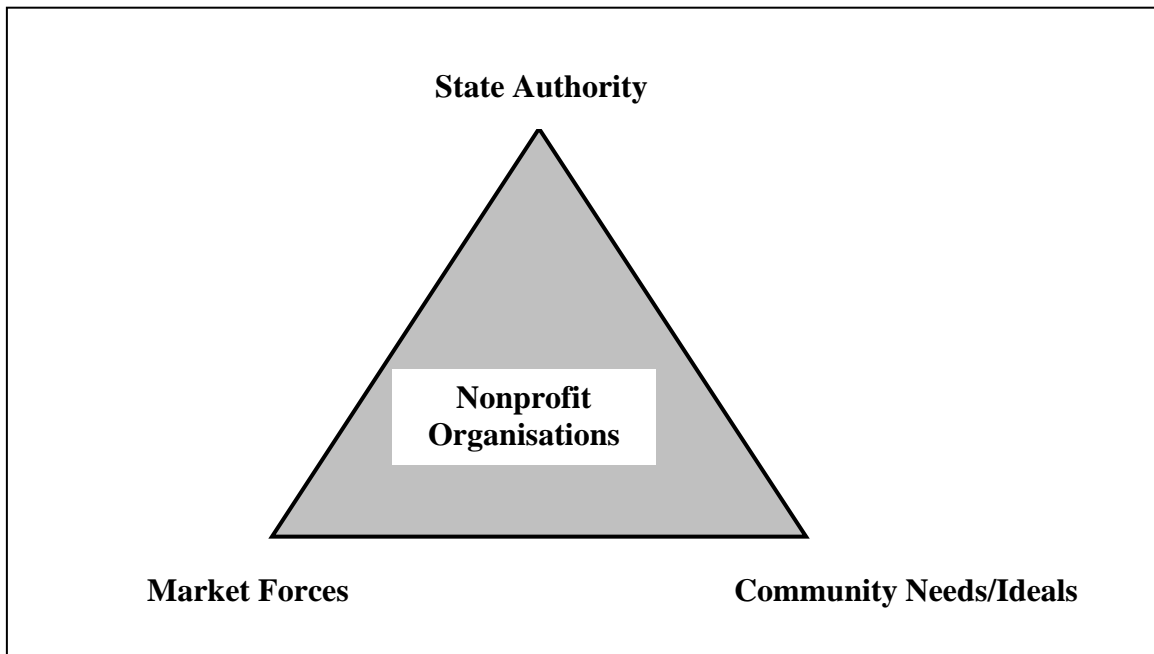
- The relationship with state funders is ...*
- The relationship with volunteers is ...*
- The relationship with the community is ...*
- The relationship with other providers is ...*
- The relationship with the for-profit sector is ...*

The data set consisted of stories from nonprofit practitioners of 20 years of change in their organisations (Earles 2003). Thirty-six organisations were included. A multi-site case study design (based on the principle of diversity in the selection of cases) across one metropolitan and one regional site allowed the extension of 36 unique stories of organisational change. The extended stories were constructed with primary contacts from each organization (the Coordinator-equivalent position in nonprofit organisations). Information collection was through semi-structured interviews and public document searches. Each story retrospectively chronicled changes in the first instance from 1984-1996 and then from 1997-2005. The stories commence in the mid-1980s, from the genesis of the locally-based organisations (if later than 1984), or from the time the organisation first delivered services in the selected regions. They were synthesised across four different paradigms of organizational change in a process of matrix analysis.

Dimensions of a Typology

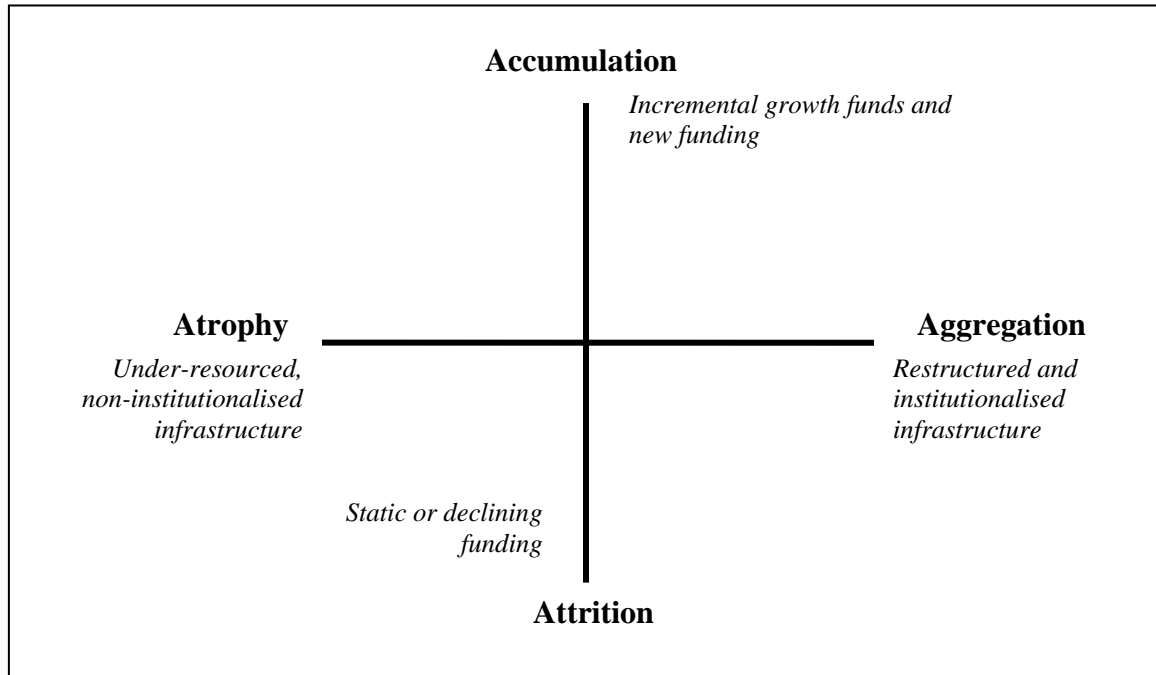
Nonprofit organizations exist in the tension field between state authority, market forces and community ideals/needs. Organisational changes are made as practitioners seek to reconcile the tensions and complementary aspects of these three influences.

Figure 1. Nonprofit organisations in their tension field



Two major trends emerged in the analysis of organisational change. They are labelled *Attrition-Accumulation* and *Atrophy-Aggregation* (Figure 2). As a precautionary note, the dimensions are not proposed as dualisms or continuums, rather they are used as conceptual devices only.

Figure 2. Dimensions of a Typology



Dimension: Attrition or Accumulation of Services

This dimension portrays the directions of change within the policy fields relevant to an organisation. Some policy fields have experienced severe *attrition*. Funding levels have been static for many years or are declining through active reduction of funding levels or non-growth situations. Other policy fields have experienced considerable *accumulation*. Funding levels have incrementally responded to increased demands or bursts of new funding have been made available in response to crisis situations. In some cases whole new policy fields have emerged with associated new funding.

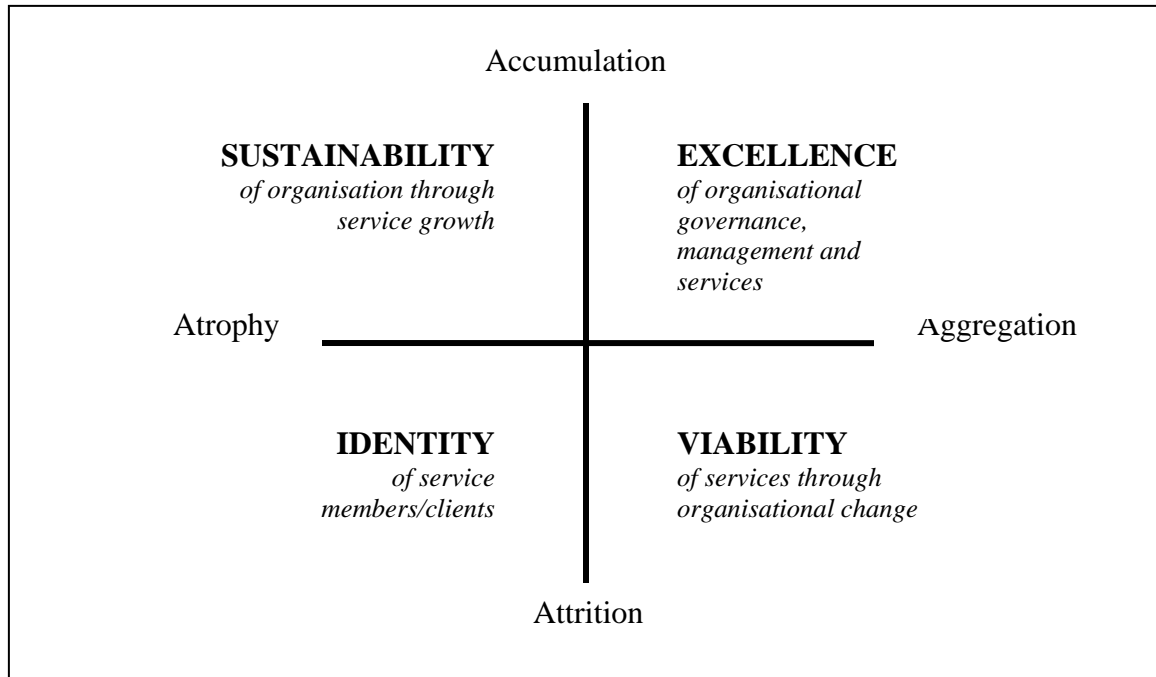
Dimension: Atrophy or Aggregation of Infrastructure

This dimension relates to the primary movement in relation to an organisation's infrastructure. Some organisations' infrastructure has *atrophied*. This has occurred in cases where initial organisational infrastructure funding was small and has not increased with rising costs or in cases where organisational infrastructure funding has not been (or can not be) factored into costs for new services. In these organisations management and administrative services remain under-resourced, non-institutionalised and rely on the altruism of management and service staff. Other organisations' infrastructure has *aggregated*. Effective provision of allowances for overheads in newly acquired services has been possible for some organisations. Other organisations have progressively restructured organisational infrastructure to meet changing demands. In some cases management services are available historically from the supra-organisation. Management has been institutionalised.

Four Nonprofit Provider Paradigms

The interplay of the two dimensions produced four nonprofit provider paradigms (Figure 3). These are labelled *excellence*, *sustainability*, *viability*, and *identity*. These paradigms compete for primacy in any organisation or parts of organisations at any one time and over time. To facilitate an understanding of these paradigms they will be contrasted using the series of interrogation questions (see Methodology section and Tables 1-4).

Figure 3. Four Nonprofit Provider Paradigms



Paradigm: Excellence

The *excellence* paradigm exists in the quadrant where there is accumulation (growth of the policy field and associated funding) and aggregation (associated restructuring and institutionalisation of organisational infrastructure) (Figure 3). The major organisational concern within this paradigm is the pursuit of 'excellence' in nonprofit governance, management and service provision (Table 1). The definition of excellence varies across ideologies and value-bases. An organisation working from this paradigm is conceived as a complex adaptive system and the role of the governors/managers of the organisation is to articulate critical relations within these systems. The organisational viewpoint is supra-organisational with constant reflexivity on the context and content of organisational practice. The basic organisational goal is to become essential to the policy field and service domain. The critical organisational dimension is evaluation rather than preoccupations with resourcing, management and planning, or service delivery. The organisational change strategy is strategic with a focus on positioning the organisation for the future. The major organisational change agent role is leadership both relational and situational.

Table 1. Parameters of nonprofit provider paradigms

<i>The major organisational concern is ...</i>	Excellence	Sustainability	Viability	Identity
<i>The organisational metaphor is ...</i>	Complex adaptive system	Community	Political system	Non-organization
<i>The organisational viewpoint is ...</i>	Supra-organisation	Collection of services as organisation	Organisation with services	Service is organisation
<i>The basic organisational goal is ...</i>	To be essential	To meet need	To reform	To exist
<i>The critical organisational dimension is ...</i>	Evaluation	Resourcing	Management and planning	Service delivery
<i>The organisational change strategy is ...</i>	Strategic	Opportunistic	Pragmatic	Static
<i>The major organisational change agent role is ...</i>	Leader	Hero(ine)	Politician	(External)

Particular traits of organisational system can be attributed to each paradigm (Table 2). Within the excellence paradigm the governance structure is that of an appointed board with a strong secretariat. The governance process follows the notion of an oligarchy of experts in that it is streamlined and relies on the ‘expert’ status of the members. Different expertise is valued under different ideologies and values and hence appointed. The management structure is functionally differentiated and multiple with a CEO, Program Managers, a Human Resources Manager, a Finance Manager and a Policy or Research and Development Manager. Indeed three levels of management usually appear: executive, strategic and operational. The management process is devolved in relation to operations yet concentrated in senior management for strategic matters. The operational structure is expansive sometimes but not exclusively state-wide or major region in extent. Service units can be localised or mobile from a series of locations. The operational process is specialised for distinct client groups while within each group services are standardised. There is a clear three-way separation between governance, management and operations.

Distinct aspects of organisational resources can be associated with each paradigm (Table 3). Within the excellence paradigm, the organisational funding base is a mixed economy with multiple state funders, and philanthropic and business activities. Volunteers are used mainly in fundraising and staff members are both specialists (managers and senior practitioners) and generalists (front-line workers). The organisational assets are secured through ownership or long term lease and depreciation and replacement arrangements are institutionalised.

Table 2. Organisational systems related with nonprofit provider paradigms

	Excellence	Sustainability	Viability	Identity
<i>The governance structure is ...</i>	Appointed	Inclusive	Selective	Hard to sustain
<i>The governance process is ...</i>	Oligarchy of 'expert'	Coordinator-driven	Deliberative	Founder-driven
<i>The management structure is ...</i>	Differentiated and multiple	Singular	Divided into two	Honorary
<i>The management process is ...</i>	Operationally devolved	Task-oriented	Concentrated	Minimal
<i>The operational structure is ...</i>	Expansive	Centred with some localisation	Centred with outreach	Singular
<i>The operational model is ...</i>	Specialised	Standardised	Customised	Client-specific
<i>The relationship between governance, management and operations is ...</i>	Three-way separation	Conflation of Governance and Management	Separation of Governance from Management/ Operations	One and the same

The nature of relationships is different across different paradigms (Table 4). Within the excellence paradigm relationships with state funders are business-like and direct via specially assigned government officers (with specific responsibility for agency contracts). The relationship with the community is far-reaching and deliberate. As well as becoming essential to the policy field and the service domain, agencies within this paradigm seek to become essential to the wider community. The relationship with other providers working from within the excellence paradigm is as competitor or sometimes colluder. Competition occurs over turf or territory and explicit or implicit understandings are developed but not always followed. The relationship with providers from the other paradigms often takes the form of fee-for-service provision of management services. The relationship with the business sector is also business-like with organisations operating their own business arms and entering into long-term sponsorship contracts with businesses.

Table 3. Organisational resources within nonprofit provider paradigms

	Excellence	Sustainability	Viability	Identity
<i>Funding is ...</i>	Mixed economy	Diverse and unstable	Consolidated	Singular and not secure
<i>Volunteers are ...</i>	In fundraising	Minimal	In additional service delivery	Primary service providers
<i>Staff are ...</i>	Specialists and generalists	Professional service providers	Experienced managers and workers	Minimal
<i>Assets are ...</i>	Secured	Unsecured	Conserved	Loaned

Table 4. Nature of relationships aligned with nonprofit provider paradigms

	Excellence	Sustainability	Viability	Identity
<i>The relationship with state funders is ...</i>	Business-like	A cycle of 'abuse'	Directive yet negotiated	Dependent
<i>The relationship with the community is ...</i>	Wide-ranging	Specific to locality	Specific to interest group	Specific to clients
<i>The relationship with other providers is as ...</i>	Competitor, colluder, fee-for-service provider	Sponge	Partner	Mentor
<i>The relationship with the for-profit sector is ...</i>	Business-like	Donor-like	Partner-like	Charity-like

Paradigm: Sustainability

The *sustainability* paradigm exists in the quadrant where there is accumulation (growth of the policy field and associated funding), yet atrophy (no associated restructuring and institutionalisation of organisational infrastructure) (Figure 3). The major organisational concern is the sustainability of the organisation and this is achieved through service growth (Table 1). The organisation is conceived as a community (usually of professionals) and the organisational viewpoint is a collection of services under an organisational auspice. The basic organisational goal is to meet the generalist service needs of a community (usually a geographic community). The critical organisational dimension is resourcing with the constant pursuit of funds occupying energy often displacing evaluation, management and planning, and even service delivery. Organisational change when it does occur is opportunistic with the major organisational change agent considered to be a hero(ine) or saviour.

Within the sustainability paradigm, the governance structure is inclusive based on the reality that “anyone will do” to reach a legal quorum (Table 2). There is a strong sense of overload for the community management committee. The governance process is coordinator-driven. The management structure is singular with all management roles resting with the Coordinator position. The presence of some part-time book-keeping support is highly valued. The management process is task-oriented focussing on the necessary accountability and legitimacy tasks rather than the desirable developmental tasks. The operational structure is centred with some localised service units (often only individuals). The operational process is based on standardised services as prescribed by funding agreements. There is considerable conflation of governance with management. This is often exacerbated by the composition of the committee which can become heavily dominated by coordinators (or workers) of other agencies.

For organisations operating within the sustainability paradigm, organisational funding is diverse and unstable (Table 3). It is often primarily derived from multiple state funding sources and is short term. Volunteers are used minimally usually as they are few in number and not available long term. Staff members are professional service practitioners

who take on management roles by default. Assets are often unsecured with peppercorn rent deals, co-location arrangements or aging owned buildings with no avenue for refurbishing or relocating.

Relationships with state funders often appear as a ‘cycle of abuse’ with no cost of living increases on funding and repeated renegotiation down of service levels in the absence of funding increases (Table 4). The relationship with the community is often specific to a locality and not developed beyond the clients/users of the organisation’s service and facilities. Organisations operating from this paradigm become ‘sponges’ that absorb the services of other local organisations on their demise. This is often negotiated with state agencies rather than constituting hostile takeovers. The for-profit sector acts as in-kind and sometimes cash donors to these organisations mainly supporting specific short-term projects or asset purchases.

Paradigm: Viability

The *viability* paradigm exists in the quadrant where there is attrition (no growth of the policy field and associated funding), yet aggregation (associated restructuring and institutionalisation of organisational infrastructure) (Figure 3). The major organisational concern is the viability of services through organisational change (Table 1). This change can often comprise major restructuring of infrastructure and rationalisation of services. The organisation is conceived as a political system that needs reformation or even revolution. The basic organisational goal is to keep a specific group/need/ideal on the policy agenda and to fill an essential niche in the service domain. The critical organisational dimension is management and planning with considerable energy used for reviews. The organisational change strategy is pragmatic. The major organisational change agent role is as a politician negotiating the redistribution of resources, power and work.

Within the viability paradigm, the governance structure is selective based on the needs of the organisation for a particular skill mix of professionals (particularly accountants and lawyers), business contacts (for procurement skills) and community members (with strong networks) (Table 2). The governance process is deliberative. The management structure has been divided into two parts - management and administration – and often two positions exist. The management process is concentrated in these positions especially during major change processes. The operational structure is centred and with rationalisation of services there is often a shift to outreach rather than multiple localised service units. The operational process is based on a service model that has been customised for the distinct client group (and standardised within the group) through negotiation with funding bodies. There is a separation of governance from management and operations.

For organisations operating within the viability paradigm, organisational funding is consolidated (Table 3). This could have occurred as a result of organisational merger or a rationalisation of an organisation. Volunteers are used to supplement service delivery but are not essential for it. Managers and workers are experienced often working long term

for the agency or in the policy field and service domain. Assets are not always bountiful but are actively conserved.

The relationship with state funders is directive of change (Table 4). Often organisations have been given a time limit for major organisational reform by state funders. However the nature of the reform is negotiated to ensure continuation of services. The organisation relates specific to a community of interest. Other providers become partners in rationalised service delivery or mutual organisational merger occurs. Partnerships are also developed with the business sector for new service ventures.

Paradigm: Identity

The *identity* paradigm exists in the quadrant where there is attrition (no growth or even decline of the policy field and associated funding), and atrophy (no restructuring and institutionalisation of organisational infrastructure) (Figure 3). The major organisational concern within this paradigm is the survival of the service for particular clients/members (Table 1). The organisation is in effect a non-organisation as it exists only as the service. The organisational viewpoint therefore is the service. The basic (organisational) goal is to remain in existence to meet a need which is argued to be 'unique'. The critical (organisational) dimension is service delivery. The (organisational) change strategy is static and if there is any major (organisational) change agent it is external to the organisation.

Within the identity paradigm, the governance structure is hard to sustain, often only meeting once or twice a year (Table 2). The governance process is founder-driven with founders re-entering the scene to defend the organisation in times of crisis. The management structure consists of a part-time coordinator who is often on an honorarium. The management process is minimal with systems remaining static. The operational structure is singular and based around the service. The operational process is client-specific. Governance, management and operations are one and the same.

For organisations operating within the identity paradigm, organisational funding is singular (related to one service) and often very limited (Table 3). Volunteers are used as primary service providers with minimal paid staff positions. Assets are loaned, begged or donated. The organisations within this paradigm are dependent on state funders not just for funds but for organisational expertise. There is a sense of paternalism with funding officers 'looking after the best interests' of the organisation. The organisations have relationships with specific clients not the wider community. Other providers sometimes mentor coordinators (paid and voluntary) of these organisations. Donations are sought from businesses mainly to meet client needs.

Implications of Four Nonprofit Provider Paradigms

Through this 20-year window, there are organizations, often declining, whose supporters have as their catch cry 'uniqueness'. They consider that their organisation has a special identity. They have a strong sense that if they disappear, the specific client group will not

be serviced or serviced in a particular way. Many fear they will disappear soon. There are also organisations whose members are running faster just to stay in the same place, if that. Their quest is for sustainability of their organisations. Through this window there are also organisations, actively realigned and reframed, whose proponents argue the need for change on the basis of viability concerns and increasingly the pursuit of excellence. They have a strong sense of the need to position themselves as necessary within the wider community or a community of interest in order to negotiate on different terms with government and business.

The four provider paradigms contribute to ongoing debates on the heterogeneity within the nonprofit sector. The heterogeneity of the nonprofit sector is well acknowledged empirically. The sources of heterogeneity within the nonprofit sector and the characteristics which identify distinctiveness from the government and for-profit sectors gave some guidance on possible parameters for distinguishing the four nonprofit provider paradigms. Concerns in relation to the loss of diversity in the sector and dimensions of isomorphism also hinted at parameters for nonprofit provider paradigms.

This typology introduces organisational concern and movement to the discussion of types of nonprofit organisations. Changing times necessitate the addition of further conceptions of the sector to the body of nonprofit knowledge. Existing typologies of the sector focus on an aspect of organisational infrastructure or the primary function of organisations. For example the classic debate about ‘large’ and ‘small’ organisations; ‘advocacy/activist’ and ‘service provider’ organisations; and functional arena (sports, health and so on).

The paradigmatic analysis prompts a critical question – which paradigms are stalled and which dynamic – in relation to the nature of change in the sector, subsequent nonprofit change strategies and potential state interventions. The acknowledgement of four distinct paradigms by both the nonprofit sector and state agencies could inform dialogue on the relationship between the state and the nonprofit sector and stimulate debate on change philosophies and change management in the nonprofit sector. In a simplistic sense, dialogue on the identity and sustainability paradigms would be about ‘reform’ (and the role of the state in supporting reform) while it would be about ‘recognition’ for the viability and excellence paradigms.

The four provider paradigms could act as both an integrative and interrogative device. There are now considerable writings on specific changes in aspects of and parts of the nonprofit sector. Further integration of findings across the different parts of sector and across conceptual areas is important development work for the nonprofit studies field. The paradigm typology can also be used as an interrogative device across policy fields, geographic areas, organisational types and service and funder domains. It could be used to generate ideal types and critiques across ideological waves of reform to shift debate beyond ‘where are we going’ towards ‘what do we want to become’.

There is still work to be done on this analysis. Further elaboration and authentication of these emergent nonprofit provider paradigms is needed. This work will then need to be linked to a more detailed elaboration and consideration of environmental change,

particularly government policy change and funding regime change contributing to nonprofit sector adaptation and isomorphism.

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