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Subtheme: Management and governance of the Third Sector

Title

Governance models in quasi-markets: new institutional arrangements

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Abstract

Third sector organisations have an increasingly important role in the provision of public services (Pestoff & Brandsen, 2008). Given recent trends in the governance of public services, many now operate in quasi-markets, which are - “institutional arrangements [...] designed to extend the principle of markets and competition to the provision of the services” while upholding “the principle of free and universal access, fundamental to the concept of the welfare state” (Bartlett, Roberts and Le Grand 1998:1). In many cases, state – third sector funding relationships have been increasingly characterised by market-based governance arrangements in which third sector organisations are simply one organisational type competing to deliver public services.

However, there may be a question as to whether the newly emerging systems of governance are really what they seem? From the 1990s onwards, research into how quasi-markets operate in practice indicates that a central element of quasi-markets -

the exit mechanism - often fails due to monopsony and monopoly. In the absence of exit, coordination in quasi-markets is often achieved through socially-embedded trust-based relationships.

By drawing on recent research conducted in the UK and The Netherlands this paper will argue that these socially embedded trust-based relationships are an inherent feature of quasi-markets and therefore the nature of governance needs to be re-interpreted and re-evaluated from a relational perspective. By virtue of the social networks in which they traditionally operate, government-third sector relationships are often more complex and yet more stable than they appear at first sight.

After locating the research in the context of the existing literature, the paper will present empirical evidence - qualitative research conducted for two doctoral dissertations in two countries - which comprised 160 interviews, extensive documentary analysis and observation (Brandsen, 2004; Kumar, 2003).

Literature

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