



Scoping Study on the Third Sector in Scotland

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Overview

This paper reports the findings of a scoping study on the role of the Third Sector in Scotland. It combines an in depth literature review and interviews with key government and third sector leaders. It aims to identify knowledge gaps regarding the third sector in Scotland and lay the groundwork for a larger ESRC research grant bid. This latter bid will aim to embed Scottish experience in the work of the Third Sector Research Centre and contribute to evidence-based policy making in Scotland. The study was funded by the University of Edinburgh College of Humanities and Social Sciences DTRF scheme. It was carried out within the Centre for Public Services Research at the School of Business and Economics, led by Stephen P Osborne, Chair in International Public Management, and assisted by Betsy Super.

The paper is structured as follows. Section two outlines the aims and objectives of the study in greater detail. Section three details the research methods used in the literature review and data collection. Section four outlines issues in and around conceptualizing ‘the third sector’ in Scotland. The next four sections outline knowledge gaps that emerged from the literature review and the interviews, appeared particularly important for an evidence-based policymaking perspective, or presented the opportunity for critical contributions to the academic literature on the third sector and Scotland. These knowledge gaps include addressing Scotland as a case on its own, as a distinct policy space within the United Kingdom, and in comparative perspective in section five, and the utility of looking at Scotland as a case for studying relational capital is addressed in section six. Section seven addresses the questions regarding the current social and political context in Scotland, including the ‘localism’ agenda, and the effects of the recession. Finally, section eight addresses the questions and concerns about democratic engagement and outreach.

Aims and objectives

The Economic and Social Research Council (ESRC) has recognized the strategic importance of the Third Sector to UK society by the creation of the Third Sector Research Centre (TSRC). The TSRC was opened in 2008 with a mandate to make robust academic research available and accessible to practitioners and policy makers, helping to inform decision-making and enhance the impact of the sector. Whilst the Centre will explore the role of the Third Sector across the UK the nature of its funding means that it has only limited resources to devote to dedicated work in Scotland. This paper reports on a study of the role and impact of the Third Sector in Scotland in preparation for a major bid to the ESRC on the Third Sector in Scotland. The larger bid will allow Scottish experience to be embedded in the empirical and theoretical work of the TSRC, and will provide a major research base to promote evidence based policy making and practice about/within the Third Sector in Scotland. Thus, the aims of this report are to:

- Identify knowledge gaps in the scholarly literature on the third sector in Scotland
- Identify knowledge gaps highlighted by leaders in the third sector, government and research in Scotland

- Highlight those gaps which would fit into, and contribute to, the overall research agenda of the TSRC

The TSRC research agenda primarily covers three areas. The Centre will advance *Theory and Policy* by contributing to the conceptual analysis of the third sector and understanding the policy context of third sector activity, including policy making in the separate administrations of Scotland, Wales and Northern Ireland. *Mapping and measurement* will bring together existing quantitative databases covering the third sector, and engage in quantitative and longitudinal analysis of the sector. Third, the TSRC research programme will investigate *Impact*. This stream will cover service delivery, partnership with government in key policy areas, as well as engagement and social enterprise. Finally, the TSRC will have a dedicated stream to look at social enterprise in addition to voluntary organizations (TSRC Press Release 2008).

In addition to the research agenda of the TSRC, two other considerations were made in constructing the research aims. In order to ascertain how Scotland-specific research could contribute to the overall agenda of the TSRC, this study additionally aimed to explore how Scotland and the third sector in Scotland has been addressed as a case within the wider policy, management, and social science literature. Second, this study aimed to specifically address the role of the third sector in Scotland in the context of policy development and service delivery. While recognizing that this excludes a large swathe of third sector activity, it narrows the research agenda to a more manageable (albeit broad) set of research aims.

Methods

Literature Review

The literature review was conducted using ISI Web of Knowledge's Social Science Citation Index (SSCI), Google Scholar, and a search of the University of Edinburgh's library. Combinations of key terms were searched on SSCI and Google Scholar, including 'third sector,' 'voluntary sector', 'voluntary organizations', 'policy,' 'public management', 'public services' and 'Scotland.' A selective broader search of UK-related literature on conceptual developments related to the third sector was also conducted. Finally, these results were cross-checked with the bibliography of Dacombe and Bach's (2009) *Evidence Base for Third Sector Policy in Scotland: A Review of Selected Recent Literature*, commissioned by the Scottish Government. Given these search parameters, only a handful of articles in peer reviewed scholarly journals and books released by academic imprints were identified; the paucity of Scottish-specific research was corroborated by Dacombe and Bach's findings as well as interviews with leading researchers in Scotland. A limited review of the 'grey material' was also conducted using the Scottish Council for Voluntary Organization's (SCVO) online Evidence Library, and again compared with the Dacombe and Bach's review. On the whole very little in the grey material contributed to conceptual or theoretical issues; their relationship to particular themes (where relevant) is discussed below.

Interviews

Semi-structured interviews were conducted with leaders in the third sector, government, and research in Scotland. An initial list of potential informants was identified by the Primary Investigator, based on

previous contacts with, and in-depth knowledge of, the third sector in Scotland. This list was then expanded through the Research Assistant's contacts established through the Public Policy Network (also at the University of Edinburgh) to provide for a diversity of viewpoints, and through snowballing early interviews. In total, sixteen potential informants were contacted and, after review and refinement, nine interviews completed. Interviews were semi-structured, starting with open ended questions regarding the informant's views on what were key knowledge gaps, and then following up on topics of particular interest identified in the research aims and objectives. In later interviews, hypotheses and claims suggested by earlier informants were also presented for discussion, corroboration or refutation. In this manner those issues or hypotheses around which there was either consensus or a diversity of opinions was also established. After the interviews, informants were thanked for their contributions and encouraged to contact the interviewer with any further queries. 'Narratives' summarizing key points were written directly after the interview using notes taken during the meeting. Drafts of this report, along with the executive summary, were circulated to informants and to key members of The Scottish Government Third Sector Research team. Comments and feedback from informants and policy researchers was incorporated into the final draft of the report.

Structuring the report

Rather than separating the literature review and interview material out separately, this report is written thematically in order to highlight areas of particular interest. The next sections touch on conceptual issues regarding the third sector and how Scotland has been treated as a case.

Defining issues: demystifying the 'loose and baggy monster'

Much of the existing literature treats the third sector at the UK level. The first major question regarding the sector remains definitional, and Kendall and Knapp's (1996, also Kendall 2003) apt phrase describing the sector as a 'loose and baggy monster' captures the wide diversity, and difficulty, in defining what actually counts as part of the sector. A plethora of different kinds of organizations – from sports teams, large care providers, advocacy organizations, and community gardening groups may all be considered part of 'the third sector.' Indeed, diversity *within* the sector emerges as one of the overarching themes from both the literature review and the interviews, as both a point of departure and an ongoing concern with conceptual and policymaking dimensions. Dacombe and Bach (2009: 19) highlight Salamon and Anheier's (1997) broad structural-operational definition as "almost a default for academic studies of the third sector." The structural-operational definition focuses on organizational form, with nonprofit distribution, constitutional independence from the state, self-governance, and benefiting from some voluntarism as key characteristics.

This type of definition focuses the analyst's attention on a particular kind of typological logic and way of seeing the third sector as a series of individual organizations. "Does this organization fit the definition?" becomes the operative question. Any sense of 'the third sector' as a whole extrapolated from this definition necessarily comes from the sense of what fits and what doesn't, foregrounding boundaries. As

a starting point the structural-operational definition is critical, but the trade off is that it leaves the question of the structure of the sector as a whole – the organization of organizations – relatively untouched.

Halfpenny and Reid's (2002) overview of research on the third sector is prototypical of the above mentioned trends. The authors stress diversity within the sector and the difficulty in defining what counts as the third sector, how the sector is resourced, and its relations with both the state and with markets/private enterprise. Yet their overview, starting from the structural-organizational definition, similarly overlooks questions about how the sector is organized within itself, or what structure and relations (if any) can be found between organizations. As one reader commented, this kind of typology relates to the 'end user' rather than the organizations themselves – in other words, the definitions and typologies reflect the needs of the person creating the typology rather than the way organizations understand their own organization within the sector. From a policy standpoint, it may be more useful to gain a first person perspective on the organization of organizations.

The view from third sector leaders

Defining the sector was an equally sticky matter for the informants interviewed, and many were quick to point out diversity within the sector. Diversity was discussed primarily in terms of differences in organizational ethos – for instance, between community groups and national (Scottish) organizations, or between social enterprise and voluntary organizations. The Enterprising Third Sector Action Plan (2008) released by the Scottish Government, as the name suggests, is intended to bring these diverse organizations together by encouraging more organizations to become more enterprising in the way that they operate, whilst at the same time recognizing that social enterprise as a business model is not necessarily suitable for every organization. While recognizing diversity, the plan did draw criticism from several informants who saw it as not taking adequate enough account of sub-sector differences compared to earlier policies that treated social enterprise and voluntary (or other third sector) organizations separately.

A further issue compelling diversity within the sector (as raised by the same informant) was the issue of regulation. Beyond the requirements laid out for charities, purpose-specific regulation necessarily led to some third sector sub-sectors (such as home care provision) being almost entirely professionalized, while organizations in other purpose-defined sub-sectors received a much lighter regulatory touch. In sum, what emerges from the descriptions and narratives in the interviews is a sense of how organizations are organized within the third sector according to organizational ethos, purpose, and regulation. In contrast to the boundary-focus that stems from the structural-operational definition, informants had a relatively clear conception of the 'middle' or heart of the third sector.

Finally, the role of umbrella organizations as a crucial component of the third sector emerged from informants accounts. These umbrella groups, including SCVO, ACOSVO, and CCPS, in addition to the emerging role of COSLA as a key government actor, receive less attention in the academic literature (see Lewis 2005 for an exception). A fuller conceptual understanding of intra-sector relations would almost necessarily have to account for the role of umbrella organizations.

Summary: Building a better conceptual understanding of the social structure and inter-organizational shape of the third sector has the potential to address major gaps in the academic literature. It could also contribute to policymaking goals by analyzing the perceived need for a more tailored policy approach and/or the relatability of how some policy goals may only cover a particular set of organizations.

Scotland as a case

This section addresses issues surrounding Scotland as a case. As previously noted, there is relatively scant material in peer-reviewed journals or volumes from academic imprints which address the third sector in Scotland as case. These articles are reviewed, followed by several possible approaches for looking at policy and politics in Scotland in comparative context: intra-UK comparability, as a devolved or federalized region, and the small nation-state approach. Finally, this section reviews the comparisons used by informants, and weighs the appropriateness of Scotland as a comparative case across varied research topics.

The Third Sector in Scotland

Several key features of the peer-reviewed literature addressing the role of the third sector in Scotland stand out. With the notable exception of a handful of articles (discussed below), there is a relative lack of academic material (as compared with UK-based literature). Further the literature that does exist does not coalesce around a common agenda or set of conceptual issues, but rather fit its conceptual definitions and discussion around ongoing debates in numerous social science fields. Thus, research regarding the third sector in Scotland fits into other debates such as in health (Hannah et al 2006, Titterton et al 2006) and volunteering and management (Hibbert et al 2001) without addressing broader issues regarding the third sector.

Third sector-government relations and policy in Scotland receives more attention, perhaps reflecting the growing importance of the Scottish policy context and divergence of policy spaces within the UK (Burt and Taylor 2002, Viebrock 2009). Osborne et al (2002, 2006) address the role of the third sector within a public management, policy and rural context, while Burt and Taylor's work (2004, 2008, 2009) addresses information management and e-Government, often within the public services and management literature. Nicholas Fyfe and colleagues (Fyfe and Milligan 2003; Fyfe et al 2006) orient their discussion of third sector organizations to concerns about social capital and community development, focusing specifically on the relationship between organizational type (corporatist/grassroots) and policy development in the Scottish/UK contexts. Vincent and Harrow (2005) address Scottish-English diversity in sector-government relations, using Kuhne and Selle's typology. Finally, academic attention is lately being turned to the effects of the recession on the third sector (as well as the potential role of the third sector in addressing the recession), and this looks to be an emerging sub-field of research (Harrow 2009, de Lima 2009). A cross-indexing of references from these articles, however, shows little use of common concepts and texts. The texts mentioned above have made important steps towards the foundation of a

common framework for investigating the role of the third sector in Scotland, but overall the field remains wide open.

Scotland in comparative context

Research questions regarding the third sector in Scotland are important in their own right, with real world consequences for policymaking and the health and wellbeing of Scottish third sector organizations and citizens. Beyond these ramifications, research on the third sector in Scotland is of interest both in its own right for analytical generalizations and in comparative context. These latter concerns cover not only questions of how to place Scotland as a comparative case, but also regarding the saliency of the research questions. If, as shown above, research on Scotland and the third sector is emerging, how is it – or should it be – treated in comparative context? Both Osborne et al (2002) and Vincent and Harrow (2005) make intra-UK comparisons, noting points of diversity in the policy decisions and contexts between Scotland, England and Northern Ireland. Vincent and Harrow found evidence for divergence between Scottish and English organizations – but less than expected, and also emphasized that organizational size and the possibility for greater sub-English policy development and diversity are important for further study (2005: 392). Similarly, Viebrock (2009) reviews key literature regarding the effects of Scottish devolution and social policy. She identifies issues of intra-UK difference and divergence as being of particular interest (2009: 420), but provides two additional important considerations regarding policy divergence. First, she points out the constraints – institutional, political, and resource-based – which may keep Scottish experiences from becoming too divergent from those of their British neighbours. Second, she argues that divergence will be more evident in some areas where the devolved governments have a much greater power – for instance, in health – than in policy areas where key functions are reserved for the Government in Westminster (for instance, in social security).

Taking Viebrock's latter point further, it may be useful to consider not only how the third sector is governed and brought into governance (i.e., through the Third Sector division), but how the work of third sector organizations cuts across a number of policy areas. In other words, focusing on relations with the Offices of the Third Sector in England/ Third Sector division in Scotland would provide a clear point of comparison and one set of conclusions about policy divergence (or the lack thereof), but focusing on third sector activity in areas like health, care provision, social welfare, etc (as Vincent and Harrow do) would likely lead to a different set of conclusions regarding divergence. In sum, there are good reasons for investigating the third sector in Scotland within an intra-UK comparative framework. Rather than assuming *a priori* policy divergence, this question should receive further treatment to untangle whether, how, and under what circumstances divergence occurs.

There are several possibilities for framing and comparing Scotland beyond UK-based relations. Charlie Jeffery (Jeffery 2002, Jeffery and Hough 2009) addresses Scottish policy and elections within the literature on regions and federalism, and Swenden (2006) and Bradbury (2009) similarly adopt a regional or territorial approach to politics. The strength of this regional or federal approach is in the way it highlights inter-governmental relations and the complex institutional and policy spaces devolved powers create; it also puts Scotland in a pool of comparable government 'spaces' in Western Europe. On the other hand, the primary development of this comparative framework for understanding institutional

relations between devolved and reserved (or state-wide) powers effectively excludes looking at government-third sector relations.

Although the literature on small nation states may intuitively fit Scotland, the definition of a 'small-nation state' as adopted by the joint Commonwealth Secretariat/World Bank Task Force (2000) would exclude Scotland, being neither a sovereign state nor small (defined as less than 1.5 million people). Moreover, the issues the Joint Task Force identifies as salient for small states, including their remoteness and isolation from world markets, susceptibility to natural disasters, limited diversification of the economy, limited capacity, income volatility, and access to external capital (2000: ii-iii) have only limited applicability to analyzing Scotland.

The view from informants

When informants were asked about understanding as a case, three clear themes emerged. First, informants had a sense of participating in a Scottish context as opposed to a UK or Westminster-one. Most could distinguish their work context from those of colleagues down south most clearly in terms of relations with the Scottish Government, though they also saw similarities as well (e.g., effects of the recession). Second, informants thought about the question in terms of working comparisons – that is, they explained Scotland in context according to institutional ties they had with similar organizations in England, Northern Ireland or Sweden; or they described policy models (e.g. 'the Virginia model') that had been developed in other (sub-state) contexts. Finally, informants described or thought about comparisons more in terms of places that were perceived as socially similar, in particular the Scandinavian countries or New England states such as Vermont.

Summary: Taken altogether, these findings suggest several important considerations for the future research proposal. First, intra-UK comparisons have already emerged as a point of interest and development in the literature, with policy divergence as a point of particular concern. At the same time questions of divergence may be best framed as a topic of research, rather than an assumed characteristic, as intra-UK divergence will depend in part on policy field, organization size, and other potential variables. Second, further suitability of Scotland in comparative context will depend on what is researched in order to ascertain what are comparable 'units'. A regional approach would suit focusing on government relations, while Scandinavian and selected US States might be more appropriate for social comparisons.

The third sector-policy nexus in Scotland: networks and relations

Intra-third sector organizational relations

One of the clearest themes that came through from the interviews was the sense that the policy-third sector circle was relatively small in Scotland, in that it was only a limited number of people involved and

most people knew most people. This was pointed out as being even more appropriate in purpose-specific sub-sectors, such as housing, international development, health, etc. Again, the role of umbrella organizations, like SCVO (and its Policy Officers Network), ACOSVO and others seemed to be prominent in providing the meeting points and networking events in which people got to know one another, exchange news and talk about how things are going or potential best practices. In short, there is reason to believe that Scotland has a very dense network of intra-third sector relations and comparably rich infrastructure.

At the same time, these relations between organizations are reported as being somewhat fractious – stories of organizations or sub-organizations joining or leaving different umbrella bodies were raised in several interviews, and the differences between organizational sub-sectors by organizational ethos and kind (especially with regards to social enterprise organizations) were described. This would suggest that there is a division of organizations that cuts across the relations between organizations of the same purpose. While relations appear dense, then, they are not universally collaborative nor are the relations evenly spread across the sector. There appear to be qualitatively important divisions within the sector that should be incorporated into future research design.

Third sector-Government relations

In contrast, relations with the Scottish Government were across the board viewed more positively, if cautiously. A number of government initiatives and institutional arrangements frame third sector-Scottish Government relations: The Enterprising Third Sector Action Plan 2008-2011, the Third Sector Division in the Public Services Reform Directorate, and the Third Sector Research Forum¹. Most informants were relatively pleased with the level and quality of consultations undertaken with the Scottish Government. This was often expressed as a sense of metaphorically (and often literally) being given a seat at the decision-making table. These are described below in more detail, but the important point here is in terms of relations is that there are opportunities for meaningful engagement in the policymaking process.

Beyond mere consultation, one informant wanted to know what the relation is between access to decision-making and influence on decision-making. Anecdotally he was aware of ‘success’ stories where third sector organizations were able to contribute to decision-making, but that begs the question of the need for a broader framework in which to understand what the circumstances are under which influence may be exercised.

More broadly, the opportunities for meaningful engagement correspond with informants’ descriptions of establishing closer working relations with The Scottish Government. All informants described positive individual relations with members of The Scottish Government and civil service. Many informants made the distinction of a more fractious and distant style of engagement (if there was any engagement at all) with the government in Westminster, and the Scotland Office in particular before devolution, and the benefits of having government and policy officers available and nearby with the opening of the Scottish

¹ See <http://cci.scot.nhs.uk/Topics/People/15300/enterprising-organisation/ResearchForumRemit>. Last accessed 20 October 2009.

Parliament. Many officers and informants gave specific examples of lengthy meetings with government ministers one to one, or participating in meetings with government and policy officers 3-4 times a month, as opposed to 3-4 times a year pre-devolution. In this sense many informants had built up one-to-one relations with members of the civil service or Government.

Finally, informants were also asked about the possibility of changing governments in both Westminster and Scottish Parliamentary elections and the perceived effect this would have on working relations. Almost all informants thought that these changes would not affect the generally trusting and engaged relationships established in Scotland. The cross-party groups were mentioned as particularly helpful in this respect, so that several informants felt that they had positive working relations with members of all the major parties. This would indicate that the style of engagement has been established to such an extent that trust may lie at the institutional, rather than individual, level.

Academic interest in relations and relational capital

Given the preliminary evidence from the scoping study, Scotland would be an ideal case to pursue research questions regarding the role and importance of networks and relational capital. The combination of complementary goals and structural collaboration within the third sector most closely resemble what Inkpen and Tsang (2005) describe as an alliance network, although further research may be needed to establish this as the most relevant model. Relational capital has also been a topic of particular interest (for instance Levin and Cross 2004; Sarkar et al 2001). In terms of relational capital, the third sector-governance network and relations built up also appear to be a case of high relational capital and, in particular, development of trust both with government and within some sub-sectors. This would make Scotland an *extreme* case (Bryman 2008: 55), and well suited to pursuing questions related to it. Appropriate questions may include how relational capital and trust have developed, and the strategic importance of relational capital and alliance networks regarding resilience and the recession, and the localism agenda, discussed below.

Summary: Scotland is well suited as a site for researching the role of alliance networks within the third sector and relational capital. This may be most fruitfully researched in conjunction with other questions, including resilience, localism, and political contexts.

On the agenda: Partnership, localism, the recession, and changing political contexts

Partnerships

Although there is much research invested in partnership already at the UK level, more could be done in this area, and it was of some interest to informants. In general, several informants reported that while they were doing and getting on with partnerships, they would benefit from a greater understanding of how partnerships were supposed to work, and an understanding of what 'partnership' actually means. One informant suggested that there evidence for a divergence of understanding between voluntary

organizations and government regarding partnership, where the former operated with a much more nuanced and full understanding of what voluntary organizations did and their role in society, while some civil servants were more likely to view those organizations as another bureaucratic service agency. Similar to the differences highlighted regarding organizational ethos, it would appear that organizational culture may also be important for understanding partnerships with government.

Localism

The 'localism agenda' was also a matter of interest, and possibly concern. Most actors thought it was too early to tell how the Single Outcome Agreements (SOAs) were working. There was a sense that some organizations (community based ones, especially) were better situated for the transition to dealing directly with Scottish local authorities than some national organizations, which perhaps lacked the capacity to develop relations in thirty two localities instead of just one. Interestingly, then, the reports of a relatively well developed relational capital at the national level was not perceived as translating directly into relational capital at the local level. Thus those organizations who had already established some modicum of relations and trust with the local government were perceived to have an advantage over national organizations.

Some informants also expressed concern about the possibility of policy divergence at the local level. This was expressed as concerns both about a 'post-code lottery' effect where different authorities would interpret priorities and fund them in very different ways (such that disability services would differ a lot by area, or perhaps differ in mode of delivery). Further, one informant also voiced concerns that there was already a level of divergence between national rhetoric about the third sector being a partner that was not matched in approach by local authorities. For instance, the adoption of "70-30" rules on contract bidding, where 70 percent of the decision was based on cost and 30 on quality did not match the Scottish Government's rhetoric regarding inclusion of the third sector.

Contract considerations and measuring 'value'

Several informants brought up a set of concerns related to contract bidding: what rules should third sector service delivery organizations be judged by? On the one hand, third sector organizations may not be in a position to provide the most cost efficiency in contracts, either due to their smaller size (though the same point could be made regarding SMEs) or due to their commitments to a pay rates and a quality of workplace environment that is not matched by private enterprises. In purely contractual relations, then, local government authorities would not necessarily choose third sector organizations – a point that will be tested as the effects of the current recession continue to unfold. On the other hand, if the granting of contracts should include criteria *beyond* cost – including recognizing social value, 'good' employment practices and workplace environments in contracted organizations, or organizations which may have more of a stake in local communities – then third sector organizations may have a distinct advantage. Indeed, a fair amount of grey material has already been produced regarding measuring the value of third sector organizations (see Carnegie UK Trust 2007; Wainwright; Walker et al 2000), and the Social Return on Investment (SROI) project² has been initiated in order to help standardize how criteria

² www.sroiproject.org.uk. Last accessed 05/01/10

beyond cost are measured and taken into account. This interest and investment at the policy and practice level reflects both the complexity of the issue and the need for further investigation. Far from being an 'interesting puzzle' with only intellectual ramifications, tackling the measurement of value – whether and how it is and should be considered and used by local authorities – has real world implications for government-third sector relations.

Recession

Informants' views on the recession varied widely: some were not particularly concerned for the financial health of their own organizations, while others thought that the effects were only beginning to show and would most likely have a dramatic impact on the sector over the next five to ten years, as public spending went into a prolonged period of cuts. Some of the possible organizational solutions that were mentioned included merging of third sector organization infrastructure and a greater use of collaborative bids from multiple organizations, a practice that one informant reported was already becoming more common. If outside pressures from the economy and, potentially, from the Government, push the third sector into greater collaboration and joint projects, the changing shape of third sector alliance networks, and the role of umbrella or intermediary organizations in providing that infrastructure could be a dynamic area to study. Assuming that the economic pressures are UK-wide, looking at collaboration in Scotland, where there appears to be a wealth of relational capital, compared to larger (England) and more diversified (Northern Ireland) third sectors could provide key insights into understanding the role of relational capital in the development of collaboration and formalized alliance networks.

The effects of the recession are already receiving a fair amount of attention from both academic researcher and the government. The Scottish Third Sector Research Forum is interested in exploring the issue further, potentially with Forum members, and the Scottish Government has been able to collect some data through Resilience Funding released in 2009. In addition, the longitudinal study to be undertaken by Osborne and colleagues will directly address recession issues.

Summary: A number of critical research questions for third sector leaders emerged from the discussion of the recession, the changing political context, localism, and measuring value. A number of these would provide crucial development for policymakers, for conceptual development in the literature, and would be well suited to comparative analysis.

Democratic considerations

In this last section, democratic considerations are discussed. The first section covers the 'voice' and independence of third sector organizations in relation with government. The second section discusses the potential impact of positive working relations between government and third sector organizational leaders on relations between organizational leaders and members. Democratic concerns regarding legitimacy, accountability and trust and third sector organizations have been written about elsewhere (e.g. Burt 2007) and are broadly incorporated into the TSRC's remit. The democratic considerations

outlined below are much more specific, and relate closely to informants' accounts of how government-third sector relations have developed in Scotland. Nevertheless, consideration of these questions would shed light on important questions regarding voice, independence, and democratic engagement that are present at the UK-level and across the OECD West.

Dealing with difference

Informants were asked about partnerships and voice, and what effect, if any, the former had on the latter. A few informants were concerned about the chilling effect that partnerships might have on the independence and voice of third sector organizations, likening this reluctance to "biting the hand that feeds you." And yet, one informant was also quick to point out that while organizations may have those concerns, Government ministers did urge third sector leaders to criticize and critique the Government, in the spirit of independence of voices and democratic debate.

More commonly, however, what came out of the interviews was that corollary to the common theme of positive working relations with government were reports of ways of managing differences with government. In no case were general positive working relationships construed or understood as total agreement with government, and many informants were very clear about the existence of differences with the Scottish Government on matters of policy. A commonly echoed theme was that where differences on policy did exist, the first course of action was talking directly with Government, rather than going first to newspapers. Indeed, speaking with news organizations was often framed as a combative (and therefore negative) approach to government relations; as one informant put it there would have to be a major, major falling out with government before differences were brought to the attention of news reporters. Others noted that they would never lie to the newspapers – if a reporter called them up and asked questions, of course they would tell the truth, even if that was embarrassing for government. But, implicitly, nor would they take positive steps to bring differences to the attention of the news media without first trying to deal with those differences privately. In the words of one informant, the important shift through partnerships was to "managing" differences. Departing from what has been occasionally implied in the academic literature (Fyfe and Milligan 2003, Lewis 2005), the question was not *whether* organizations would express differences, but *how*.

A greater understanding of how voice and differences are managed would have important implications for the development of the literature on the third sector, democratic theory and civic engagement. Any number of learned scholars and political commentators have bemoaned the state of civic engagement, and both academics and government alike have turned to the third sector (and voluntary sector in particular) as a means of redressing these worries (Burt 2007, Lewis 2005, Stoker 2007). But the "management" of differences between third sector organizations and government challenges the underlying assumptions about how the third sector and government relate, or what democratic engagement, when done by organizations, should look like. What *are* the repertoires of engagement for third sector organizations? How do they differ from our assumptions? How do they fit into the policy and academically prescribed roles that we see third sector organizations playing? If they are different, then democratic and civic engagement theories would need to take account of these repertoires of engagement in a more nuanced manner.

In the comparative perspective, Bang and Sorensen have written extensively about the increasing role civil society organizations have played in policy deliberation and developments in Denmark, and the implications these developments have for civic engagement (Bang 2005, Bang and Sorensen 2001). Addressing how voice is exercised by third sector organizations would thus add to a growing international literature on civic engagement that goes beyond the social capital debates.

Leadership-membership relations in third sector organizations

The two informants who worked more closely with their memberships also raised interesting questions regarding organizational leadership-membership relations. As one articulated more pointedly, having positive working relations with government (and managing differences within that framework) could lead to a different set of managerial issues with membership. For instance, this particular informant described a member-led campaign related to the organization's purpose that, the members hoped, would result in a list of demands being delivered to the appropriate Government Minister. In the view of this informant, however, delivering that list – which was politically untenable, given the amount of funding requested and political improbability of achieving all the goals – would result in getting laughed out of the room. The members in the campaign were still free and committed to delivering the list of demands, but it simply wouldn't go through that particular part of the organizational leadership. In this way the informant was able to maintain good relations with the government minister and let members exercise their own voice.

The point here is that positive working relations with government, when undertaken by membership-based or voluntary organizations, may put organizational leaders in the position of requiring the management of two different kinds of relations. The impact this would have on members' trust both for organizations, and their trust (or any other judgment) of government would be an interesting set of questions to pursue.

Summary: Third sector organizations have featured prominently in the academic literature on both partnerships and civic engagement, and are argued to play a key role in furthering democratic and civic aims. The view from informants regarding the management of differences with government and how third sector organizations exercise 'voice' appears to open up a new set of intriguing questions regarding repertoires of voice within the context of relationship maintenance. Further, the management of these relations may place organizational leadership in a key brokerage role; the effects of these dual roles may be worth enquiring about further in studies regarding civic engagement.

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