Government Funding, Employment Conditions and Work Organization in Non-Profit Community Services – A comparative study

Introduction

The impact of New Public Management (NPM) on employment conditions for those employed in public service delivery has varied across nation states (Diefenbach, 2009: Bach and Bordogna, 2011). NPM has also involved the outsourcing of public services to non-profit organizations. In such circumstances, it is felt that the full effects of NPM and its cost-cutting tendencies and concerns over working conditions will be most pronounced, and subject to less variability. This is because the further workers are from the source of the outsourcing process, the greater the likelihood that they will experience degradations in their working conditions (Flecker et al, 2009). This is potentially problematic as non-profit workers can become disenchanted when their employment conditions are reduced (Cunningham, 2008a), or perhaps just as importantly when their commitment to making a difference is frustrated by perceptions that NPM-inspired government funding models fail to fully recognise and address the needs of clients (Thompson and Bunderson, 2004).

Most work exploring the impact of NPM on non-profit workers are, country specific (Baines, 2004a; Cunningham, 2008a), with few international comparative studies. This paper begins to meet this gap through drawing from a qualitative study of two non-profit organizations in Australia and the UK. The paper explores three questions

> How do NPM-influenced government regulations and funding mechanisms shape relations with non-profit organisations providing public services?
> What are the implications from these regulatory and funding pressures for terms and conditions of employment, work organization and service provision in non-profit social service organizations?
> What impact do these implications have on management – employee relations and worker orientations?

Data indicates converging NPM pressures, but also other factors influencing pay, working conditions, and services across the two organisations, and growing intolerance among workers suggesting instability and threats to service quality in NPM-inspired systems of social service delivery. The paper presents explanations for differences in the impact on employment conditions related to variable vulnerability to wider economic conditions and varying influences from industrial relations institutions. Section 1 of the paper outlines the conceptual framework drawing on insights from regulatory scholarship, inter-organizational literature, labour process theory, and the influence of industrial relations institutions. The second provides an overview of the state–non-profit relationship in Australia and the UK. The third outlines the method and participating organizations. The fourth examines the findings and the fifth provides a discussion and conclusion.

Context

Outsourcing to the non-profit sector has been implemented with the application of NPM (Evans and Shields, 2002). Debates continue concerning the coherence of NPM, including whether it is a novel or well-defined concept (Page, 2005); a transitory phenomenon on the road towards a 'new public governance' (Osborne, 2006); a movement of distinct phases beginning with efficiency concerns and in more recent years turning to those of quality (Hood and Dixon, 2013); and whether there are distinct types that are union-orientated or union-conditioned (Bordogna and Neri, 2011). Nevertheless, this study identifies specific characteristics of NPM – including removing differences between private and other sectors, the use of market-orientated mechanisms and private sector management techniques in delivering services and the principles of efficiency, value for money and greater service user choice (Bach and Bordogna, 2011) – which persist and have potentially significant implications for employment in outsourced services in the voluntary sector.

Studies of NPM indicate a variable national impact (including in the area of employment) in public sector provided services explained by: differences in the timing of implementation; mediation by legal, institutional and cultural contexts; the political persuasion of governments; employee resistance; and countries adopting only aspects of its suite of practices (Bach and Bordogna, 2011: Bartels, 2013). This suggests a variable impact across states from NPM on non-profits, rather than convergence. Indeed, the few comparative studies indicate both similarity and differences in the lived experiences of workers in non-profit organizations. There are differences between Canada, Australia and the UK with regard to work-life boundaries, with workers in the former two states more likely to experience hours of unpaid overtime for employees (Baines, 2004b). Similarities are also apparent among the above countries with regard to the onset of 'lean' working environments and fragmented and insecure hours (Baines, et al, 2011; Baines, 2004a; Cunningham, 2008). These studies, however, capture worker experiences but their focus is not wholly on the impact of NPM so we are unable to accurately discern national differences and causation in a systematic way.

To explore the impact of NPM on outsourced non-profit services, the paper draws insights from several sources. Recent regulatory scholarship (Arup et al. 2006; Braithwaite et al. 2007) suggests funding models employed in the sector can constrain and undermine employee protections provided by industrial regulation (Charlesworth 2010). The organization of work in non-profits is shaped not only by the rules and institutions that deal with employment matters but also by government decisions about the funding of particular services and the way these factors create distinct funding markets. An institutionalist understanding moves beyond legal regulation, such as employment law, to include the role of market mechanisms and social norms (Lessig 1998; Arup et al. 2006): the way such forces interact directly and indirectly with legal regulation lead to particular outcomes in specific contexts (Lessig 1998). This approach is exemplified by Braithwaite et al's study of aged care (2007) and has been taken up in the Australian health and community services sectors by Kaine (2009) and Charlesworth (2012). This paper focuses on the regulatory mechanism of the market created through the contracting out under NPM. It regulates through setting the

price for the services tendered for, which in turn imposes a distinct set of constraints on individual and collective behaviour (Lessig 1998). These constraints are anticipated to have detrimental effects on employment in non-profits, including: pay and conditions; job insecurity because of the proliferation of short-term contracts and competition; work intensification brought on through demands from funders for more or the same level of services for less resources; and possible deleterious effects on employee commitment.

To further explore the impact of these market relations on employment, labour process scholarship provides useful insights, particularly the impact of lean work organization on work intensification, flexibility and increased demands for documentation. Such an analysis of the impact of funding structures on work organization and workers' conditions has been documented in a number of Canadian and British studies (Cunningham 2008; Baines 2004a, 2004b; Aronson and Smith 2010; Evans and Shields 2002) but has been less explored in cross-national perspective. Added to this scrutiny of the labour process, is a concern to explore beyond NPM's narrow prescription of 'good' care to understandings of such work that are based on relationships between carers and service users (Atkinson and Lucas, 2013). The Straussian concept of 'articulation work', (see Junor et al. 2008), is useful, for example, in revealing tasks representing the hidden 'glue' undertaken in non-profit services. This concept embraces work beyond the one-off "transactions" on which analysts of interactive frontline work focus. Articulation work involves attending and sequencing simultaneously to a range of different competing demands; responding to contingencies, and working around obstacles. It involves negotiating relationships within and across authority lines, organizational boundaries and cultural groups; interweaving team members' own activities into overall work-flow; and keeping work processes on track. Such work is integral to the labour process in social services, yet remains substantially unrecognised in funding models and outcome measures and forms a key part of structures of work intensification in the sector (Kosny and MacEachen, 2010).

These effects are mediated by other factors, however. Within such inter-organisational relations, for example, power relations between parties ebb and flow, altering their 'negotiated order' (Truss, 2004). Non-profit organizations avoid complete subjugation to government institutional and cost pressures through operating in niche markets, having a diversity of funders across a wide geographic area and engaging in partnership relations (Cunningham, 2008b). Such market positions can change, however, as funders embark on further waves of restructuring or change priorities (Cunningham and James, 2011). An emerging example being the individualisation/personalisation of care which shares characteristics of NPM, such as 'choice', power to the user and lower costs (Needham, 2011). Restructuring can also arise through factors not directly related to NPM such as national differences in vulnerability to the recent economic crisis and subsequent austerity in public expenditure.

Changes to employment in non-profit organizations under NPM are also uneven because they are contested and a focus of workers' organization and struggle (Ackroyd et al, 2004; O'Donnell et al, 2011). Thus recognition of the role of industrial relations institutions as

forces that might dilute the influences of NPM through collective action is necessary. The potential limitations of union influence is acknowledged because of their decline, limited presence in non-profit organizations, and the weakness of collectivism in outsourcing situations where unions' capacity to mobilize workers is undermined by aspects of control over work organization being taken out of the hands of the employer by purchasers (Marchington, et al, 2005).

Government funding of non-profit community services in Australia and the UK
Australia has a mixed economy of welfare. embarking on NPM-based reform from the 1980s (O'Donnell et al, 2011), but the country always relied on non-profit organizations to provide social services (including child welfare, disability and aged services) that were traditionally provided by the public sector in other nations (McDonald and Charlesworth, 2011). State and federal government funding of these services has expanded significantly over the last decade with increased contracting out. Government funding increased from $10.1 billion in 1999–2000 to $25.5 billion in 2006–2007 and today the sector is the largest provider of government-funded social services (Productivity Commission 2010). This has led to a situation in which long-held sector values such as fairness and justice exist alongside NPM imperatives to operate in a 'business-like fashion' (McDonald and Charlesworth, 2011).

Government funding to the sector is on average around 70 percent of expenditure (Productivity Commission 2010). A major review of the Australian sector (Productivity Commission, 2010) found a number of consequences from the impact of NPM. In particular, inadequate funding constraining the efficiency and effectiveness of the sector exacerbated by the accumulated impact of no indexation for both state and federally resourced non-profit services. Moreover, particularly in the disability services area, a government shift to what is called 'client-directed' or 'individualised funding' through a federally-funded National Disability Insurance Scheme is presenting fresh challenges. The new funding seeks to empower clients and carers by allowing them to hire a licensed or accredited provider of their choice (Productivity Commission 2010).

The Productivity Commission (2010) also revealed how inadequate funding diminished the quality of services and restricted the ability for providers to react to the changing needs of clients, as well as reduce their capacity to recruit and retain staff. Despite reports of a willingness among workers to trade off lower wages and conditions for the chance to 'do good', part of the reasons for these recruitment and retention problems are because of the twenty – fifty percent gap in wages paid to those in the sector compared with similar roles in the government sector. The existence of relatively low wages is because work in the sector had been subject to long struggles to establish and gain recognition through state-based industrial awards. Once they had, wages struggled to receive indexation by state and federal funding bodies, leading to awards barely above the minimum wage. In addition, it was not possible for workers in the sector to reap the benefits of enterprise bargaining that had lifted the pay of employees in other (largely male dominated) sectors (McDonald and Charlesworth, 2011).

In this context, new regulatory mechanisms have been established for the Australian sector. It has a new regulator the Australian Charities and Not-for-profits Commission (ACNC) (established 3.12.2012), but it does not directly deal with worker's conditions, although it arguably shapes them indirectly. Similarly the Office for the Not-For-Profit Sector (ONPS established in 2011) plays only a tangential role in workforce matters, such as taxation (ACNC, 2012). Scrutiny of the mission of the ONPS suggests a pre-occupation with reducing bureaucracy and streamlining funding, arguably ensuring a more efficient NPM framework between state and sector.

In turning to the UK, prior to the advent of the 1980s and Thatcherism there were concerns for the future of the sector as governments in constructing the welfare state inexorably widened their remit taking responsibility for many services provided by non-profits, leading to a perception of decline (Kramer, 1990). The UK, however, has moved to outsourcing to the sector at an accelerated pace over recent decades, creating a mixed economy of welfare (Davies, 2007: Martin, 2011). This change was NPM-inspired including the regulation of non-profits through legalistic contracts, greater performance management and auditing, and preference for commercial private sector practices, so that organizations demonstrated that they were 'business-like'. Latterly under New Labour and more recently the Conservative and Liberal Democrat coalition emphasis is placed on cost savings from outsourcing, but also the sector's ability to provide more efficient and innovative delivery of services and its closeness to service users to encourage engagement and accountability (Davies, 2011).

Resource dependence on government funding has increased to one-third of the UK sector's income over the last ten years. The highest proportion of government income is received by social care organizations totalling £4.2billion in 2006/07. Despite this increase, the non-profit sector continued to experience insecurity of funding throughout Labour's period in office (Davies, 2011). Current trends also raise doubts about the sustainability of the sector, as the UK coalition government reduces public expenditure. Reports indicate that pressure for related cuts from funders have emerged as a consequence of this reduction in central government support (NCVO, 2010).

Considerable changes are also anticipated as the principles of individual service user choice or 'personalisation' shape the future of UK social care through the mechanisms of Direct Payments (DPs) (where people directly pay providers for social care) or 'Individual Budgets' (where individuals direct a budget held by a third party) (Help the Aged, 2008). Central government has encouraged local authorities (LAs) to extend this provision, and it is estimated that by April 2013 1 million people in England will receive a DP (SCIE, 2010).

Workforce trends
Each country's non-profit workforces have experienced considerable growth in recent years. Yet, differences are apparent regarding the gender profile of the workforce and the level of casualization.

The Australian workforce has grown rapidly over the last decade, increasing to 221,500 in 2006–2007 with women making up almost ninety percent of employees (Productivity Commission 2010). Thirty-two percent are permanent full-time; forty percent are permanent part-time, while twenty-nine percent work on a casual basis (Productivity Commission 2010). Casualization is on the rise (Dawe et al. 2008) although it is unevenly spread. In community-based aged care for example, thirty-two percent of workers were employed on a casual basis in 2007 (Martin and King 2008). Personal care and nursing assistants make the largest occupational group in the sector (almost two-thirds) (Meagher and Healy 2006).

The UK sector workforce stood at 765,000 in 2010, an increase of forty percent since 2001, and compares with a headcount of 408,000 employees in 1995. Women account for over two thirds of the workforce (522,000). Almost four out of ten workers (thirty-eight percent) are part-timers. A higher proportion of sector employees are employed on temporary contracts (one in ten, compared to less than ten percent in public and private sectors) (Clark and Wilding, 2011). In focusing on social care, more than half (fifty-seven percent) of the sector workforce (437,000) were employed in health and social work. More recent figures show that between 1996 and 2008 there was a significant rise in workers employed in social work activities, from 202,000 to 374,000 – an increase of eighty-five percent (Clark and Wilding, 2011).

METHOD

Data from two organizations are presented in this study. CharityAus was established in the late 19th century to help the disadvantaged, and at the time of the field work was a large multi-service organization providing more than 70 programs and services across Melbourne and Victoria employing around 800 staff (80 percent female). The main occupational groups are professionals and associate professionals, and direct care staff, making up almost 80 percent of CharityAus's employees. Almost half of all care staff in CharityAus were employed on a casual basis.

CharityUK is located primarily in Scotland, but with a growing presence UK wide. It began in the early twentieth century specialising in helping young people with epilepsy, expanding into broader children's services, as well as those for vulnerable adults. Throughout the 1990s CharityUK established supports increasingly in community settings using 'person-centred' approaches, while retaining several residential homes. It employed 1800 staff, (70 percent female).

Semi-structured interviews were undertaken with 18 staff at CharityUK and 17 at CharityAus. Interviews took between 45 minutes to an hour and a half. Those interviewed in CharityAus included seven executive and head office staff, and nine team leaders and front-line employees in three main program areas — homelessness, employment and disability support services. A number of informal observations of waiting rooms and general areas of the organization occurred, as well as several tours of services. In CharityUK, interviews were held with two front-line supervisors, ten front-line staff (including a trade union representative), a senior HR specialist, and five senior operational managers. Follow-up

interviews were also conducted with the HR manager to discuss results and two interviews were held with the workplace union official. Finally, a review of the agency's websites, HR policies and annual reports were undertaken.

In addition, informal interviews were undertaken with two Victorian union officials, from the Australian Services Union and the Health and Community Services Union who both have had formal responsibilities for their members at CharityAus. Interviews were semi-structured and audio-recorded, taking place during working hours. In most cases two researchers were present. Interview recordings were transcribed and the data analysed systematically until themes emerged and categories were identified. Access was granted to internal documentation including relevant industrial awards and enterprise agreements at CharityAus and the organization's last two annual reports to the Equal Opportunity for Women in the Workplace agency.

The findings are presented in terms of common themes regarding the influence of regulatory and funding mechanisms; the impact of these mechanisms on pay and terms and conditions, and services; and changes in commitment among workers.

FINDINGS
Regulatory and funding influences on providers
Funding models employed by the respective central and local governments and experienced in the two organisations pivoted on NPM market discourses of competition, 'savings', 'cost cutting', 'value for money' and 'efficiencies'. CharityAus found its beliefs and commitments coming into an uneasy alliance with the imperatives to operate in this lean, 'business-like' fashion. Funding from state and federal governments was insufficient to cover costs. A senior head office manager noted that funding met eighty-five percent of the budget and for the remainder '*we're shaking tins*'. Every year CharityAus opened 12 to 15 new programs and closed a similar number through the increasingly restrictive government-based competitive tendering process. Recurrent contracts provided less than full funding for programs, limiting what services could be delivered and in turn the work undertaken by employees. Certain funding models also meant that the organization had to absorb a loss of income where programs did not achieve targets, and running a balanced program budget proved impossible.

The cross-subsidization of programs between and among projects was not a long-term option because organizational policy and government regulations emphasised individual programs must break even. Funding was strictly targeted and access to organizational reserves was becoming far more limited than previously. The need to avoid loss and balance budgets shaped many decisions about the viability and type of programs that CharityAus could adopt or retain. Indeed, the organization saw its programs as needing to meet two criteria: i.e. appropriate for the organization's policy aims, and viable as business cases. A senior head office manager summed up the new quasi-market philosophy as '*we are not for profit but we are not for loss.*'

As anticipated in the aforementioned framework, however, financial stability was not wholly affected by NPM. Unlike the UK, Australia did not go into recession, but CharityAus was not immune to the global financial crisis. Deterioration in the organization's investment portfolio meant its last three budgets had run on small deficits, adding to the need to balance organizational budgets in the face of increased funder demands for more efficiency. In the disability services area, a government shift to 'client-directed' or 'individualised funding' noted above was also presenting fresh challenges for CharityAus and its 'negotiated order' in the marketplace (outlined later).

CharityUK had engaged in competitive tendering with different LAs over the last 15 – 20 years and between 2001 and 2008 had experienced significant growth – holding multiple contracts, and over 100 projects as a result. Its market position early in this period was relatively strong with management respondents refusing to bid for contracts if CharityUK could not offer an adequate enough service at the price purchasers were willing to pay.

Nevertheless, the funding environment was challenging. Some relations with funders were short-term (one year), with no indexation, and, in some cases rapid withdrawal of resources when priorities changed. Relations with other purchasers were more partnership based, with longer term funding, and cost of living increases. Children's services were more likely to be partnership based, compared to adult: the latter being under-resourced. Indeed, senior managers revealed a degree of subsidisation from surpluses generated from contracts gained in children's services to those of adults.

This funding environment became increasingly difficult from the mid-2000s, suggesting a change in the 'negotiated order'. The first was because of persistent annual calls for 'efficiencies' and 'value for money' by funding bodies. The second related to the restructuring and cutting of particular funding streams such as Supporting People. Management also reported increasing pressure on costs in competitive bids; LAs questioning the amount of resource CharityUK devoted to management time and services in bids; and cuts in funding leading to the closure of several long-standing projects.

From 2008, CharityUK was also anticipating huge transformation arising from individualised funding. Here, LAs would remain in control of the overall resource allocation and needs assessment, but stand back from difficult decisions between providers and service users regarding the cost of provision and employee working conditions. Other waves of restructuring beyond NPM included LAs re-tendering existing services under the European Union's procurement regulations, which were reportedly overwhelmingly concerned with cost cutting. By the end of the field work, further pressure on the 'negotiated order' emerged from waves of restructuring from the onset of recession and public expenditure cuts. For the first time, CharityUK was running an overall deficit, brought on by cuts in LA funding (in one instance twenty percent). It had also reached the limits of drawing on reserves to sustain particular well-established 'deficit' projects.

Impact on pay and terms and conditions

Pay and other employment conditions for CharityAus's employees had been underpinned in most instances by a number of state-based industrial awards (replaced in 2010 by a single new federal modern award) and enterprise agreements negotiated by the relevant unions. This union-mediated industrial regulation sets down the hours of work, the span of hours, overtime payments, sick and annual leave, time in lieu, overtime and breaks. Each of the relevant awards also establishes pay rates for various staff grades with provision for limited performance-based increments.

The inadequate funding and the cyclical nature of tendering for programs, which increasingly secured only short-term targeted funding, directly impacted on working conditions at CharityAus. While competitive within the community sector, wages at CharityAus were low compared to the public and private sectors and possibly unsustainable for those with additional family responsibilities.

> 'I am happy in my job, so that's what I put a price on… there is no way that I would be able to afford to support a family life. Like the wage here barely covers my rent and bills and some other things but that's about it. (Youth Worker)'

Different wage levels were also paid to workers doing similar work in the organization. In the disability support area, for example, some community accommodation was run on behalf of the state government by CharityAus and employees were paid under the relevant government award - a wage disparity that had been at the heart of a recent equal pay case in the sector.

As with CharityAus, the funding context shaped CharityUK's pay and conditions, previously based on awards that reflected salaries of equivalent public sector workers. This was beneficial for workers, as increases in public sector scales were negotiated by strong unions and were usually in line with inflation. The regulatory reach of public sector collective bargaining was diminishing from the early 2000s with pay for senior management moving towards more 'market based rates' reflecting roles that were expected to be more 'commercially orientated' to win new contracts. For non-management, from the mid-2000s, persistent annual calls for efficiencies and value for money meant the commitment to pay levels comparable with equivalent public sector workers became increasingly unaffordable. CharityUK shortened the pay scale for front line support workers by removing several top of the scale increments and introduced a new Support Assistant grade (employed at a lower pay rate). The organization found it increasingly difficult to sustain annual cost of living pay increases equivalent to comparable state sector workers. Differences in funding across adult and children's services also meant it became difficult for CharityUK to apply consistent pay rates for front-line care staff. Management were beginning to introduce qualification bars for staff employed with young people as a condition of receiving additional pay, and as a way of justifying discrepancies in reward between adult and children's services to the workforce.

Restructuring from the financial crisis began to influence public sector finances in 2009 – 10. The effects were more pronounced, however, as it led to the diminishing of CharityUK's

ability to provide wage increases and led to changes to employment contracts, removing enhancements for night work, de-recognising four public holidays, and introducing alterations to sick pay entitlement. Sick pay was previously similar to LA entitlement, and changes involved new starts being recruited on lower entitlement, i.e. 'waiting days' (no sick pay for the first three days of entitlement) and reducing the length of time all staff received sick pay. In early 2011 CharityUK announced a pay cut for front-line staff at the top of the earnings scale on the senior support worker grade of thirty-five percent, and three percent for lower grades of staff and managers. The biggest reductions were targeted on workers earning approximately £21,500. This was in response to financial pressures from the economic recession, the loss of several contracts from re-tendering and the move to more individualised funding.

Job security
Job security was also a key issue in the two organizations. Due to its large size, CharityAus sometimes re-located staff from defunded programs to other areas, although this was not always possible, and so job security for most employees was dependent on the renewal of existing contracts. Contracting out meant limited money was available for long-term, permanent employment. Most people employed at CharityAus, including upper management were employed on fixed-term or casual contracts reflecting the 'flexibility' imposed by inconsistent, piecemeal government funding strategies.

Casualization was part of the impact of the insecurity inherent in the quasi-market, but other factors were also significant. In the disability support area, the move towards individualized support from 'block funding' meant employment patterns became more casualized so that employees were shed when program priorities changed or finances shrunk. This contributed to workplace insecurity, staff burnout and turnover. There were also direct ramifications for the disability case management services, which had been able in the past to pool some 'discretionary funds' held by CharityAus to meet the identified needs of groups and individuals. The new individualized support packages could not be pooled and therefore did not achieve the economies of scale created across programs from traditional funding packages that, in turn, provided for some continuity of employment and services.

> 'From a service provider's perspective it's a very difficult way to do your business, in terms of being able to keep a core group of staff available, being able to respond in a flexible manner because you're trying to make your program sustainable (senior program manager).'

In CharityUK the majority of the workforce was employed on permanent contracts, but funding instability meant projects were threatened by closure. Workers on permanent contracts were aware that their jobs were threatened if funders changed priorities or cut budgets. Insecurity was heightened by the EU inspired re-tendering of services by LAs. One re-tendering exercise led to the loss of £1m of established contracts, with workers transferred to another provider. As with CharityAus, staff could be relocated from defunded projects to healthier ones but, as austerity cuts began to bite, redundancies occurred in the organization's

background management/administrative support functions, and a long-established residential unit for boys.

There was also similar growing unease in CharityUK in relation to the growth of individualized funding. One of the organization's key LA purchasers was making such funding the default option. The HR respondent and union official felt that this was a cover for austerity cuts *'what they (the service user) are gonna get in their hand is going to be lower than what their service is being provided for now'* (HR Director). There was also the threat of greater employment casualization emerging from the individualization of services.

Work organization
Continued calls for efficiencies meant funding models in each country failed to recognise the workload and complexity of tasks needed to deliver services. With the growing targeting of funding and increased demands on services, workers in CharityAus faced an increased pace and intensity of work. Client groups were growing, had more complex needs and did not respond quickly or easily to simple interventions funded under current government programs. Consequently, service users were increasingly stressed, placing additional demands on staff, including physical and verbal abuse.

Illustrations of articulation work emerged where managerial models required by government contracts and lean funding led to team leaders and frontline employees 'absorbing' additional tasks to try to provide quality services to clients. A disability support case manager described her situation as one where *'because ... government funding has had to stretch to cover more services ... that's increased the workload'*. Management were aware that lean funding intensified work for many staff. A senior manager, estimated that the current funding formula for one disability support program meant that to break even, caseloads of around 100 clients per case manager were required compared to 60 previously. Another manager spoke regretfully of 'preying' on workers' commitment to clients and to CharityAus.

Employees noted that family–work balance was disrupted in many situations leaving the working parent, usually the mother, to piece together solutions. It was also noted that it was difficult to take time-in-lieu given the volume of work. Many staff were also reluctant to take sick leave but if they did, or quit, other workers often had to fill extra or double shifts, sometimes without additional pay, frequently staying late and taking work home with them. Management recognised how undocumented, unpaid and near invisible overtime work was a feature of working in CharityAus. As one manager put it, *'our staff work far beyond their targets'*. Another cautioned:

> 'We've got incredibly loyal and dedicated staff, and sometimes I think … we over-use that dedication'.

Another manager's and his supervisee's articulation work was particularly evident in their description of anticipating frustration and violence from some young people who used the

service. Yet the complex skills demanded by the work and the 'contingency readiness' of these employees were not recognised at all in the funding of the youth services hub which assumes but does not pay for what Kosny and MacEachen call 'organizational background work' (2010: 365).

Record keeping linked to targets and accountability accompanying all the different government funding models at CharityAus significantly impacted on workloads, even among those supporting the outcome measures. New reporting requirements often meant a loss of focus on serving clients as well as a changed professional identity. A youth worker said: *'You'd become a processor, be processing young people rather than engaging with them.'*

Tight funding meant Charity UK employees also worked within similar 'lean' environments. Projects were under-staffed and opportunities for workers to talk through problems with their line manager in supervision sessions were diminishing as efficiencies restricted the time allowed. This was in the context of regular verbal and physical abuse of staff by service users, sometimes in settings of lone work.

Where opportunities for supervision and coaching and counselling by line managers did not exist, some workers took sick leave to alleviate the pressures, leaving colleagues to face further intensification in their absence. This was further exacerbated during nightshift. The union representative reported how workers at a residential unit could be called upon to cover a sleepover, work through the night and have to work another shift the following morning. Such working conditions had serious ramifications for worker and service user safety.

> 'There are some people who love this idea you know who say 'we have done the whole day's work and we can go on'. From my point of view it's the health and safety angle, especially if somebody has to drive service users or give out medication (Union representative).'

In terms of the bureaucratisation and standardisation of work, as a consequence of the very different service user groups within projects, and the diverse residential/educational and community basis of care given to particular clients, there were some differences between the two cases. In CharityUK one of the defining features uncovered was the 'decentralized model' of care in the 3 services studied, which led to a high degree of autonomy and liaison with service users framed within the mantra of 'person-centred care'. Staff welcomed the autonomy and expressed a great deal of satisfaction over CharityUK allowing them to shape services according to the client's individual needs.

Senior operational managers argued, however, that greater scrutiny and control over work by the funder was being introduced through funding streams which required increasing audited returns on targets and 'outputs'.

> 'LAs are asking more from service providers to demonstrate that we have measures in place about the service and there is more and more contract monitoring. That feeds

into senior management and the role of management has changed in recent years to the point where they have more accountability and this has been passed down to Support Workers where they are expected to indicate evidence, risk assessments, and so on (Senior Operational Manager).'

Line managers also reported extensive writing, review and re-configuring risk assessments that were described as '*coming out of our ears*' (line manager, CharityUK), coupled with complex and intensive paperwork required by the UK Care Quality Commission.

Similar examples of articulation work to CharityAus were common in CharityUK with line managers reporting how they constantly watched for triggers in volatile clients, responded to external requests for audits, and juggled rotas to ensure staffing levels were appropriate. Others reported how where resources were stretched, and did not cover the purchase of a particular piece of equipment for service users they would co-ordinate fund-raising drives in their own time.

A surviving compensation effect of organizational commitment?
There were limits to which employee commitment in both organizations could be sustained. In CharityAus, staff identified with the organization's mission and the service users, though most seemed resigned about the restricted social impact their services had. Most staff reported feeling disconnected from the organization, identifying instead with their project/division and the more abstract social justice values and visions contained in CharityAus's mission statements.

This strong commitment to CharityAus's organizational ethos was undercut by the way in which the government lean funding strategies failed to address that which frontline practitioners saw as the needs of particular client groups - '*we know where the crisis beds are and there are just not enough beds*' (Team Leader). Services that were reconfigured in new contracts, received less money, particularly the amount that could be allocated for direct services to clients. Frontline workers who recognised clients' needs and were powerless to meet them also felt the impact of inadequate provision - '*you've got young people living in inappropriate care, which of course then creates lots of distress and grief for everybody, and then there was nothing for me to offer them* (Disability Support Worker).' She also noted the impact on staff of being unable to meet the needs of their clients:

> 'when we are running out of funding, one of the things that really effects people, you know, they like to know that their job is to be able to provide and when we're really stuck and we can't provide, they struggle with their work identity, um, their professional identity.'

In terms of collective responses to these tensions, CharityAus had an enterprise agreement with the Australian Services Union. The union representative reported how the organization accepted that workers were low paid, and encouraged union campaigns to defend their terms and conditions. CharityAus was also perceived by the union to be a good employer in the

sector. Yet, wages were reportedly a very big issue generating the most anger from members, although issues such as violence, safety, work intensification, and payment for unsocial hours were also emerging.

In Charity UK, workers routinely confirmed their commitment to service users, but as with CharityAus, displayed some levels of disconnectedness with the organization professing loyalty to its ethos only. Frustration could emerge, for example, where the ethos of 'person-centred care' was espoused, but the resources to deliver it were rationed – *we've got 8 people at the moment who are 'person-centred', but resources are stretched and we have limits on who can be given the resources, and that is one of the real drawbacks (*Line Manager, CharityUK). In contrast to this desire to meet client need, exit interviews reported a key reason for leaving was unsociable hours to meet service user needs that clashed with worker childcare responsibilities– tensions that would only exacerbate with the growth of individualised care.

> The people we support want much more flexibility in how their care is given. Equally, the people who are giving the care want much more flexibility in how they work because they have dependents to look after (HR Director).

Intense work, with poor rewards could also lead to high staff turnover and recruitment problems, leaving remaining staff with long, unsociable hours to cover.

Resistance could also emerge on a collective level. Long-serving employees highlighted how when they joined the organization it was seen as one of the better payers in the sector, and a motivation for them to join. There were, however, clear limits to worker tolerance for the steady erosion of pay. Tensions erupted in 2007, when management offered the workforce a 2% pay increase, compared to equivalent LA workers consistently receiving more than 3%. Management also linked this offer to a reduction in sick pay entitlement, which traditionally mirrored the public sector at six months full pay and six months half. In response, the union called a one day strike, representing the first such industrial action in CharityUK's history. Workers participating in the dispute expressed concern regarding the impact on service users, but felt action was necessary. Management conceded a further half a percentage point on pay, an additional day of annual leave and withdrew the sick pay proposals.

At the end of the field work, however, another day of industrial action was taken in response to proposed cuts to pay and conditions as public sector austerity emerged. The severity of the financial situation faced by CharityUK was illustrated by management proposals of pay cuts for some front-line service staff of thirty-five percent, restrictions to accessing its final salary pension scheme, cuts to sick pay, and reducing car allowances. The day of action led to the worst salary cuts being reduced by half.

Conclusion and Discussion

This paper has explored the regulatory impact of NPM funding models on the non-profit sector and the implications for the terms and conditions of workers, services and worker commitment. The paper utilized a framework drawing from regulatory scholarship, inter-organizational literature and labour process theory, as well as the influence of industrial relations institutions, which scholars may find useful for further comparative research in this area.

Across the two case studies there was a significant degree of convergence in relations with funders experienced by the organizations, pivoting on regulatory NPM market structures and its discourses of competition, value for money, economically sustainable projects, accountability and performance. Each organisation was also being increasingly effected by moves from funders towards the individualisation of care, another NPM-inspired wave of restructuring because of its similar characteristics of competition, choice etc… The impact of NPM's market structures was fairly persistent in the Australian case. In contrast, and as with other studies (see Bach and Bordogna, 2011) the 'negotiated order' of purchasers and providers in more recent times in the UK were also shaped by other sources of restructuring particularly recession and austerity cuts and influences from supra-national bodies such as the EU. These relations, in turn, contributed to significant degrees of pressure on services, pay and job security. Moreover, scrutiny of the labour process, including examples of articulation work revealed intensification of employee workloads, work-life balance issues and additional bureaucratisation: additional pressures that were absorbed through the goodwill within relationships between carers and service users, and employee commitment. At the same time, there were increasing signs of burn-out resulting in employee turnover.

Differences emerged over the degree of convergence over issues such as job security, with Australian workers more likely to be on temporary/casualized contracts compared to their British counterparts. In explaining such differences, studies have pointed towards casualization increasing in the Australian sector because of the intensification of pressures from NPM, especially in the community-based care group of organisations where CharityAus is located. This is mainly due to the proliferation of short-term funding (Martin and King, 2008: McDonald and Charlesworth, 2011) and to fluctuating and unpredictable demand where disability services are provided (Martin and Healy 2010: 124). In the UK, although short-term funding exists, various mechanisms have been introduced that have encouraged longer-term, three year contracts, such as the introduction of the Best Value regime in commissioning and tendering services (Cunningham, 2008: Davies, 2011). Moreover, CharityUK possessed diverse funding across Scotland's 32 LAs some of which were relatively financially generous relations, which have in other studies been shown to lead to a degree of cross subsidization of projects that protects job security (Cunningham, 2008).

In explaining differences across the cases with regard to pay, several factors contributed. The UK's exposure to the financial crisis and subsequently harsher funding cuts and austerity measures made pay more vulnerable. There also appeared to be emerging differences in the regulatory reach of collective bargaining across the two countries. On-going marketization of

the respective sectors remain contested terrain, and CharityAus will ultimately benefit from the recent equal pay case run in the federal industrial tribunal, Fair Work Australia (FWA). This involved lengthy negotiations between the relevant unions (led by the Australian Services Union) and the federal government. This led to a FWA endorsed outcome of pay rises of between nineteen to forty percent for community service workers phased-in over 8 years (FWA 2012). Union campaigns around the case were supported by a number of large agencies including CharityAus: suggesting a case of union-orientated or union-conditioned NPM (O'Donnel, et al, 2011: Bordogna and Neri, 2011).

In the UK, New Labour influenced by the unions attempted to take pay out of competition in outsourcing through a 'two-tier code' aimed at extending public sector terms and conditions to those working on transferred public services in the voluntary sector (Cunningham and James, 2011). Since the election of the Coalition government in the UK, this code has now been rescinded. The case of CharityUK illustrates how because of the weaker regulatory reach of collectivism, NPM and its market elements in a largely poorly unionised setting privileges, among others, LAs who are able to exert downward pressure on pay (see also Atkinson and Lucas 2013) leading to its persistent deterioration, especially for front-line workers. Collective resistance at the workplace is sporadic, marginal and limited by the influence of funders on employment conditions in provider organizations.

The extent to which such cross-national differences in pay and job security persist are open to question, however. Pay increases provided to CharityAus and others in the sector apply to base minimum rates only which are phased-in over 8 years from December 2012, with insufficient mechanisms to prevent the slow erosion of the value of wages in the sector (Cortis and Meagher, 2012). Moreover, protections against employers turning to casualized labour have been reportedly degraded over time in the Australian community services sector allowing organisations to get a 'casual-like numerical flexibility', (pp.177) from staff (Charlesworth and Heron, 2012): trends that may be exacerbated by employers seeking not to pay the new award. Each country was also moving towards individualisation of social care. These changes offer significant potential future change in the respective non-profit sectors of Australia and UK, in particular greater organizational and workforce insecurity - confirmed by pilot studies of the impact of individual funding in each country (Cortis, et al, 2013: Cunningham and Nickson, 2013).

Conclusion
Overall, the paper highlights a degree of convergence around the principles of NPM in the Australian and UK case studies – specifically, 'value for money', competition and a 'business-like' approach to management. These seem to have the common effect of undermining worker terms and conditions across organisations irrespective of national boundaries, with seemingly similar emerging employment regimes of low pay, casualization and work intensification. The current enhanced vulnerability to pay cuts in the UK, and insecurity in Australia are explained by national differences in exposure to recession, and the degree of competition in areas of service. This is in parallel with growing concerns among

workers over the capacity of their organisations to fully meet the needs of vulnerable people. Combined these factors are leading to diminishing worker commitment growing weary of the strains from working in marketized NPM-social services. Coupled with research that reveals doubts as to whether NPM delivers on its cost cutting and efficiency promises (Hood and Dixon, 2013), this paper raises important concerns for policy-makers as reduced resources, and worker disenchantment threaten to undermine any benefits gained from outsourcing to the voluntary sector.

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