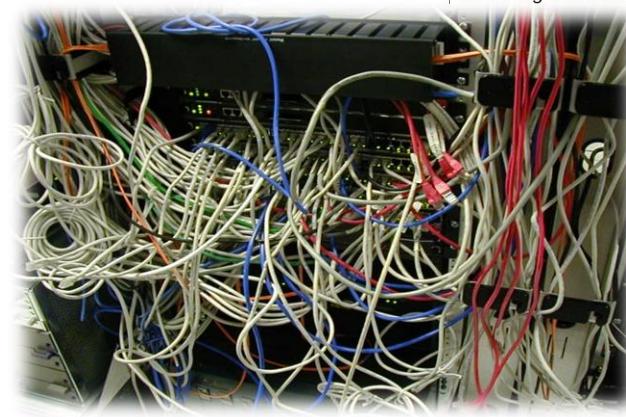


Market making in the third sector

Demand led capacity building and transforming infrastructure

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SRA/TSRC seminar series '*The Third Sector in transition*'
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“Infrastructure describes the physical facilities, structures, systems, relationships, people, knowledge and skills that exist to support and develop, co-ordinate, represent and promote front line organisations thus enabling them to deliver their missions more effectively” (ChangeUp 2004: 15)



Summary

1. Beyond ‘marketisation’?
2. Case study – third sector support infrastructure
 - towards a ‘demand-led’ environment
 - BIG (2011-12) *‘Building Capabilities for Impact and Legacy’*
3. Making markets in infrastructure
 - Judgement devices
 - ‘Big Assist’
4. Conclusions and implications

What is ‘marketisation’?

The triumph of the market:

“There are some things money can’t buy, but these days, not many. Today, almost everything is up for sale.....

We live at a time when almost everything can be bought and sold. Over the past three decades, markets – and market values – have come to govern our lives as never before.”

(Sandel 2012: 3, 5)

“the process in which markets and, more generally, market logic have been diffused in social life”

(Aspers 2011: 58)

Third sector ‘up for sale’?

Five third sector trends brought together in the idea of ‘marketisation’:

1. increased competition for public service contracts and funding
2. growth in earned income and commercial trading
3. changing expectations of funders and institutional donors, for more accountability and transparency
4. emergence of social enterprise
5. private sector management practices

Four problems with the idea of ‘marketisation’...

1. Oversimplification? ...bundles together disparate processes in a single term
2. A process without agents? ...discussed as something which just happens, or through which third sector actors appear largely passive - a powerful, all-encompassing, ‘colonising’ force
 - cf. ‘globalisation’ and ‘neo-liberalism’ vrs the ‘iceberg’ of diverse economic practices
3. Problems in conceptualising and operationalising a multifold process? ...the blurred boundaries, meanings and implications of grants and contracts
4. An assumption of ‘separate spheres’/‘hostile worlds’

An alternative conceptual framework?

Three conceptual tools for understanding markets:

- 1. Types and stages of market making (Fligstein/Aspers):**
 - Types: spontaneous; self-organised; state-organised
 - Stages: emergence...settlement/stability... un settlement/crisis
- 2. ‘Conceptions of control’ (Fligstein’s ‘markets as politics’):**

“The purpose of action in a given market is to create and maintain stable worlds within and across firms that allow firms to survive. Conceptions of control refer to understandings that structure perceptions of how a market works and that allow actors to interpret their world and act to control situations” (Fligstein 1996: 658).
- 3. Singularities and judgement devices (Karpik)....**

The research...

Aim: to understand the strategies and processes through which specific markets in the third sector come to be made, shaped or extended.

Case study: third sector support infrastructure/capacity building

Examined through:

1. Literature/policy analysis -
 - ‘marketisation’ and ‘making markets’ (economic sociology of markets)
 - BIG (2011-12) *“Building Capabilities for Impact and Legacy”*
2. Research, consultation and practitioner discussions and workshops (8)
3. Interviews (n=19)
 - Strategic participants and commentators (2012)
 - Three ‘Real Times’ (complementary) case studies (2011 & 2012)

Towards a demand led environment?

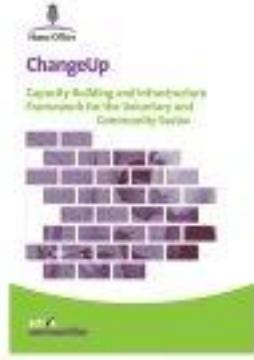
De-legitimisation:

To what extent does our current approach to capacity building really work? Given the limited resources at our disposal, do we have the lean, mean capacity-building machine that we need, or do we have a rather motley collection of disparate initiatives, the result of a sedimentary build-up of good intentions, diffuse pots of money and different people's superficial and divergent analyses? (Bubb and Michell 2009: 75)



- Large investment in the supply side (ChangeUp, BASIS)
- Conflation of 'capacity building' (process) with 'infrastructure' (organisation)
- A supplier-led (captured) process?
- Difficulties demonstrating transformation or impact

Towards a demand-led environment?



2004



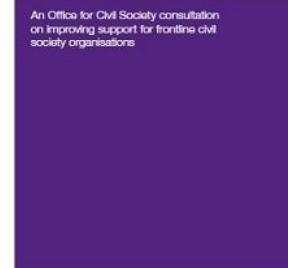
Real Help for Communities:
Modernisation Fund



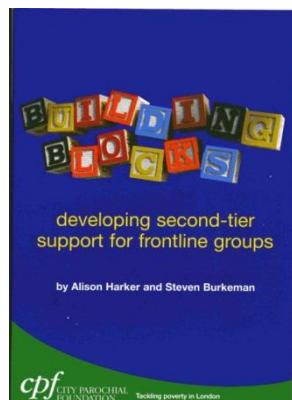
2009



Supporting a Stronger
Civil Society



2010



2007



2011

Principles of demand led capacity building

Basics...

1. Funding for capacity building is routed through frontline VCOs rather than directly to infrastructure support organisations...
2. ...Infrastructure support providers charge for their services...
3. ...Frontline organisations purchase support from a range of support providers.

Architecture...

1. Needs assessment/health check/diagnosis?
2. Charging models – differential pricing, subscriptions?
3. Payment system – development grants, vouchers, earmarked funds
4. Quality assurance
 - approved providers?
 - feedback and rating systems?

BIG: ‘Building capabilities for impact and legacy’

- guiding a c.£20m complement to the government’s £30m Transforming Local Infrastructure investment
 - less money around - existing arrangements and structure unsustainable – no ‘BASIS-3’
 - demand-led proposals, including:
 - i. Assessment – grant/voucher – approved list/any qualified provider
 - ii. Online information to help find a support provider
 - Big Assist: a £6m three-year programme to support local infrastructure in the new environment
-
- October 2012 update...
 - Other experiments: Sheffield (FUSE Support Fund), Worcestershire (Changing Futures Fund)

Narratives in demand led capacity building...

Empowerment

“Bursaries put the organisation in control, enabling it to access the advice that is right for its circumstances and choose from a range of providers”

(Office for Civil Society, 2010)

‘Hmm, smells like personalisation to me...’

Rationing

“we need to be realistic about where we spend our limited resources to achieve the best effect...[in the future] approaches should engage with customers and help them find the advice and support services which best meet their needs”

(Big Lottery Fund, 2011)

Making markets in infrastructure

Three conceptual tools:

1. Types and stages of market making

- Organised market making (BUT: self or state-organised?)
- Unsettlement/crisis – resourcing and geographies
- Market extension and intensification
- De-legitimisation; grants '*hampering the development of a market*'

2. 'Conceptions of control'

- *Mixed economy* (demand and supply side interventions) and a '*managed market*' (diagnosis, support menu, approval process)
- Some variation by importance given to: diagnosis, online support, local hubs
- Restructuring organisations – income generation targets and hollowing out?

3. Singularities and judgement devices....

A conception of control

our position is really to say, well, we're not against it...

we think it's good idea if it's done well and here's what we think the hallmarks of being done well are around decent diagnosis, quality assured providers, sort of very voluntary sector based organisation, paid to make it work rather than to being in house in the council...

there's a danger with all this sort of thing that it writes our members out of the script so our job is too write them back in.



Helping you choose in the third sector...

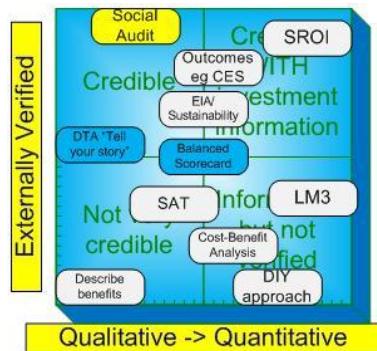
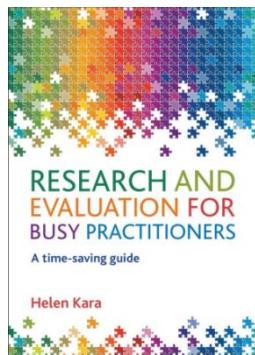
Follow the brand?



Go to the prize winners?



Evaluation results?



Quality marks?



NAVCA
Quality
Award

Price?



BIG Assist....

“a targeted support programme to help voluntary sector infrastructure organisations be more efficient, effective and sustainable - it's all about building the future for infrastructure”

‘Infrastructure bodies get fund with Trip advisor-style ratings’ (30th Oct 2012)



- Three year programme 2012-2015, £6m
- Vouchers – c.£2K to £7K
- Menu of support – e.g. strategy, planning and managing change; innovation, new products and ways of working
- Approved providers
- Implicit theories of change?
- Rating and review.....Trip Advisor....

Singularities and judgement devices

Singularities:

- offers in a market which are: multi-dimensional, hard to compare, and uncertain in terms of quality and results
 - e.g. fine art, lawyers, psychotherapists....academic work?
 - ...capacity building and infrastructure?

Judgement devices - equip the market to enable reasonable choices:

- personal and professional word of mouth (*Networks*)
- critics and guides (*Cicerones*)
- quality marks, kite-marks, brands (*Appellations*)
- ratings, listings, prizes (*Rankings*)
- visibility, signposting and channelling (*Confluences*)

On Judgement devices – ‘Trip Advisor’

“To assist organisations to navigate quite a potentially complicated market of providers, where quality might be hard to judge. I suppose you’re mitigating against the main risks of market failure, I guess, and deciding how much to mitigate. And I suppose I’m saying that I think understanding of need ... and understanding of what a good provider is are the two main risks on that side”

Issues in online consumer review:

- Balance of rating and open feedback
- What exactly is being rated and reviewed?
- Extremes and averages
- Trustworthiness and reviewing reviews
- How will future users respond – both ‘customers’ and ‘providers’?
- Convergence of approaches? (‘De-singularisation’)



‘Trip Advisor’

“Apparently, ‘why can’t everything be like Trip Advisor?’ is one of the three big ideas in government...I don’t know what the other two are.”



Conclusion

Summary:

- Beyond marketisation....to making and shaping markets
- Not a singular, universal, teleological process
- Focus on the active, contested political processes involved in making and shaping markets
- Markets and third sector organisations - suppliers and customers

Market making in the third sector....

Extending this kind of analysis to other markets in the making, e.g.

- The market for space - buildings, room hire, managed workspaces
- The social investment 'market'
- The market for evaluation tools and frameworks
- Service specific markets, e.g.
 - employment services (Work Programme)
 - criminal justice (Transforming Rehabilitation)
 - advice services (Legal Aid)

Practical (and research) implications...

- ‘*Customers*’
 - what support do we need, or want? (and do we know?)
 - do we want to shop for it, and if so how do we choose?
 - how will we know if it is any good?
- ‘*Suppliers*’
 - how do we reach ‘customers’? how do they know about us?
 - what is our business model and organisational structure?
 - what niche can we occupy in relation to other providers?
 - how do we set our prices? what role will they play?
- ‘*Market makers*’
 - is there a viable market?
 - how far and in what ways should it be ‘managed’?
 - how is quality understood and assured?
 - what support is available for new, smaller or marginalised groups?
 - what about ‘voice’?