# Relationships between third sector agencies and government

Dr Ann Nevile

ANU Centre for Social Research and Methods

# Good outcomes for clients – role of government

Service providers will be able to achieve good outcomes for clients when governments see their role as creating the right enabling environment rather than purchasing contractually specified outputs from non-government organisations.

# Treating service providers as professionals

- First step: understanding that outcomes are important, but so too is the process through which outcomes are achieved.

- Second step: devising indicators that reflect the specific causal processes that will increase the likelihood of achieving desired outcomes.

- Third step: removing performance management or funding mechanisms that constrain agency capacity to assist clients achieve outcomes.

# Processes are important because

- clients value outcomes but they also care about how outcomes are generated.
  - what behavioural economists call procedural utility.
- There may be a causal connection between what clients value and desired outcomes.

# Indicators of service quality

- Performance management frameworks need to recognise and reward strategies that will increase the likelihood of clients achieving desired outcomes.

- There is increasing international recognition that subjective measures should be used to inform and evaluate social policies and programs.

# Modifying existing performance management frameworks

- The issue is not whether service provider agencies should be accountable, the issue is what form this accountability should take.

- To create the right enabling environment, we need to move beyond the traditional view of accountability as reporting on and compliance with benchmarks.

# Experimentalist/pragmatic approach to accountability (1)

- Accountability equates to reason giving rather than compliance.

  - Service providers are called upon to explain their use of the autonomy they have been given in pursuing mutually agreed goals.

- Flexibility is needed in terms of how agency performance is assessed.

# Experimentalist/pragmatic approach to accountability (2)

- is consistent with a form of trust that is based upon open dialogue among peers through which those being held to account are involved in the design of meaningful performance indicators.

- is consistent with a risk responsive approach to regulation where service delivery agencies are encouraged to understand the connections between organisational goals and values and the impact of their governance, financial liability and management systems on their capacity to achieve organisational goals.