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Book Review: Third Sector: The Contribution of Nonprofit and Cooperative Enterprises in Australia, by Mark Lyons. St. Leonards, Australia: Allen & Unwin, 2001. 264 pp. \$24.95 (paper).

Garth Nowland-Foreman
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Collectively, the authors of these chapters express a good deal of enthusiasm for an agenda that is of great importance to me personally, the potential of nonprofits to enhance the participation of marginalized groups in urban policy and politics. I found in the book considerable fuel for optimism. The vitality of BUILD, the rich organizational landscape and enduring racial harmony of West Mount Airy, the resilience of Detroit's emergency food network, the mobilization of substantial sections of the Black community by New Detroit, and the considerable coproduction of affordable housing achieved by Black church-based community development corporations in New York City emerge as signs of hope from the assorted case studies. The adaptability of nonprofits reported by Cordes and associates, the utility of housing subregimes identified by Swanstrom and Koschinsky, and the potential for enhanced participation by women discussed by Susan Clarke are also reasons for hope. There is a caveat, however, that needs articulation. Perhaps a preoccupation with local choices, decisions, and policies is an unavoidable side effect of a focus on the urban. Cities, after all, are local places. Nevertheless, I was troubled throughout the book by a sense of divorce from the national policy arenas where decisions of enormous consequence are being made that will shape the life chances of many of these same marginalized urban constituents for years to come. Tax legislation in 2001, welfare reform legislation expected in 2003, and pending moves toward privatization of social security will have profound effects on the well-being of many of the very urban residents whose political participation the authors hope to enhance through the function of nonprofits. Somehow, the vital link between local organization and national policy seems to be missing in much of this book and in the broader literature of the field. The political participation and empowerment that the authors explicitly or implicitly seek may need to begin in local arenas but must not end there.

Janet Poppendieck has taught sociology at Hunter College since the mid-1970s. From 1988 until 2000, she also served as director of the Hunter College Center for the Study of Family Policy. She is the author of Sweet Charity? Emergency Food and the End of Entitlement and Breadlines Knee Deep in Wheat: Food Assistance in the Great Depression.

Garth Nowland-Foreman

Third Sector: The Contribution of Nonprofit and Cooperative Enterprises in Australia, by Mark Lyons. St. Leonards, Australia: Allen & Unwin, 2001. 264 pp. \$24.95 (paper).

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Vegemite, the Melbourne Cup, surf life saving, and Eureka do not necessarily need to provoke in you a warm nostalgic glow or even mild curiosity for this book to be of interest. Although you may like to know that three out of four of these defining icons of Australian society owe their existence to what Lyons refers to as "third sector" organizations.¹

One of the more interesting contributions of this book is to promote the concept of a third sector of society that incorporates not just nonprofit organizations (those with a specific prohibition on the distribution of surpluses) but also cooperatives and mutuals. Even among nonprofit organizations Lyons is careful to ensure that the reader is aware he is including member-benefit organizations, as well as the public-serving nonprofits, which are the focus of much of the scholarly attention in the United States. Despite recurring limitations in available data, Lyons is also careful to ensure that he does not slip into the common error of only counting those organizations that employ staff, let alone the too frequent error of government-sponsored research in only counting the even smaller subset of third-sector organizations that receive government funding. Indeed, Lyons reminds us early in the book that only around 6% of third-sector organizations in Australia have paid employees. Even fewer get government funding.

In breaking out of a U.S. conceptual straight jacket for the sector, he owes much to continental European thinking—most especially the French concept of *l'économie sociale*, which is virtually identical to Lyon's definition of the third sector. The idea of such a sector, however, is also novel for many Australians, including the 65% of the population who belong to at least one nonprofit, mutual, or cooperative, or even the 40% who describe themselves as "active members."

Nevertheless, this wide conception of the sector does strike a chord with some important values that form part of the mythology of Australians' self-image—especially the emphasis on "democratic control" (which Lyons elevates to a defining and distinguishing feature of third-sector organizations). In particular, mutuals and cooperatives (and member-serving nonprofits) tap into the strong egalitarian streak in the Australian psyche, whereby benefits are limited to being proportionate to a member's use of the organization. This is in contrast to for-profit firms, where owners or investors receive a dividend and the right to exercise control proportionate to the level of their investment, thus providing a vehicle for the *concentration* of power and wealth.

Unsurprisingly, the basis of Lyon's analysis is the four-sector model of society, comprising the government sector, the for-profit sector, the third sector, and the "household/family" sector. This is perhaps the most common sectoral model for society. Indeed, it forms the basis for the United Nations' system of national accounts. Using this framework, the third sector is distinguished from the other sectors; links with, and the contributions of, each of the other sectors to the third sector are considered.

Certainly this is a real advance on the blatantly inadequate two-sector model of society—focusing on the public government and private business sectors—which only served to hide much of what was really going on in society (Waring, 1988). However, in what is otherwise a remarkably comprehensive overview of key research findings, debates, and models for

understanding the third sector, there is no reference to indigenous social structures and how they relate to a four-sector model of society. Are traditional Aboriginal forms of social organizing to be considered part of the household/family sector? Do they have any links or overlaps with the third sector? Alternatively, are all forms of Aboriginal social organizing located in the third sector? Or, in traditional societies, are there no real distinctions between government, business, families, and a third sector? What are the implications for Aboriginal philanthropy and volunteering? Are these exclusively Western constructs? Did organizations in general and third-sector organizations in particular only arrive in *Terra Australis* on board the First Fleet with the convicts and the garrison?

It is also interesting to consider Paton's (1991) six-sector model for the provision of goods and services—or what may more accurately be referred to as a two-dimensional model. Paton invites us to plot a continuum of social organizing possibilities along a dimension of size and institutionalization on one hand (from small informal groupings to large institutions and bureaucracies) and a dimension of purpose and beneficiaries on the other (from purely economic goals for private benefit to purely social goals for public benefit). In recognizing that organizations are more likely to be located on a continuum rather than in a separate category or sector, Paton's model provides, I believe, somewhat more "natural" groupings; gives better recognition to the diversity within sectors; and, he argues, has more direct implications for people involved in managing such organizations—beyond the crucial importance of trust, which Lyons highlights well.

Indeed, it is difficult to overstate the breadth of ideas and issues, as well as basic descriptive data, on the sector in little more than 200 disciplined and well-structured pages of text of this book. Among much excellent overview and sector "mapping" material, there is one of the best (and certainly most succinct) summaries of the variety of third-sector governance models (pp. 126-131). Throughout, there is an excellent appreciation of the great diversity of the sector. There are good summaries of the major (economic) theories for the existence of the sector. There is also recognition of the dark side of the sector:

Some third sector organizations espouse causes that are directly offensive to others and appear to relish in giving offence. A few even espouse the overthrow of an existing regime. Some incite their members to violence against other members of their society. In some cases, organizations will arrange the killing of those who oppose them, or of members of the state authority, in order to destabilize that authority. Australia, fortunately, is presently free of organizations that use violence to pursue their ends (it has not always been so). It is not entirely free of organizations that deliberately seek to offend others. (p. 21)

There is an introduction to an important conceptual split in how the sector is seen—as either “civil society” (where the emphasis is on citizen participation) or “nonprofit organizations” (where the emphasis is on production of nonprofit goods and services). This is no mere esoteric debate, for as Lyons aptly points out, it has major implications for how we understand the purpose of the sector, how we evaluate its contribution, and especially how we might plan and promote its future development.

There is a very useful section on issues involved in managing third-sector organizations and a well-deserved call for much greater emphasis on investing in third-sector organizational capacity. This echoes a fundamental weakness in the sector also identified by Letts, Ryan, and Grossman (1999), who observed that whereas the marketplace supports the organizational capacity of business, the nonprofit environment starves it: “Deeply ingrained behaviours, public policy, funding systems and the culture of nonprofit service itself have all led the sector to rely on anything *but* organizational capacity as a foundation for lasting effectiveness” (p. 4).

Lyons concludes the book with chapters on both the challenges *of* the sector and challenges *to* the sector. Indeed, this reflects the whole style of the book. Somehow it manages to be both challenging and inspiring, both reassuring and provocative, both pragmatic and heroic—perhaps just like the sector it is dedicated to describing.

Garth Nowland-Foreman is an ex-patriot Australian living in Aotearoa New Zealand. He is a Christchurch-based consultant in social policy and voluntary organization management and also teaches in the UNITEC Graduate Diploma in Not for Profit Management in New Zealand and the Pacific.

Note

1. For the curious, the odd Australian icon in this list that does not owe its origins to a third-sector organization is that peculiarly black Australasian spread—vegemite. Although even here, Sanatarium—a nonprofit company sponsored by the National Conference of the Seventh Day Adventist church to produce vegetarian and healthy foods—makes its own version, Marmite, which competes in the marketplace with the original vegemite.

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