

Third Sector and Governance: An Overview

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Abstract: *In many third world countries, a new mode of governance has emerged that involves multiple stake holders in supporting service delivery in places where central authorities (government) lack the ability to provide public goods. In such areas of limited statehood, state has embraced the non-hierarchical mode of coordination of Third Sector Organizations, for example charity, in the fields of welfare provision, education, environment and community development. As such, third sectors have increasingly gained importance as complementary service provider, side by side the state. Therefore, the actor's constellation consisting of state and non-state actors in public governance offers an important subject of investigation. While academic literatures have addressed the role of non-state actor in the promotion of good governance, it is however, interesting that scholars have paid little attention to the role of third sector as effective component to governance contribution. This paper attempts to fill this knowledge gap. The objective of this paper is to study the role of third sector in service delivery provisions. In so doing, it uses thematic literature review method. The data source includes published books and articles. The analysis suggests that third sectors play a pivotal role in the social welfare provision alongside formal government structures in many parts of the world. The result also underscores that charity organizations—which is neither private nor public but the various forms of cooperative, mutualistic and associative organizations—essentially emerged as major stakeholder in the collaborative governance framework to fill the service gaps left by the state. The paper concludes by arguing that in the changing mode of governance, it is important to know how social welfare provision is organized and who is involved in this complex service delivery landscape. The study of third sector agencies, for example role of charities, is one important avenue for better understanding this issue.*

Keywords: Third sector, governance, charity, service delivery, Bangladesh

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Introduction

In recent decades, governance by the meaning of service delivery provision is largely entrusted to Third Sector Organizations (TSOs) which are characterized as not-for-profit sectors (Lyons, 2001; Osborne, 2008). Example of TSOs includes charity, community-based organizations, voluntary organizations, or cooperative organizations (Corry, 2010). Collectively TSOs contributes to public governance by implementing service delivery functions in areas where the central authority of the state lack capacity to deliver essential services including health, education, credit, information and technology, environment and community development, to mention a few. In such areas of limited statehood (Risse, 2011), the state has to a greater or lesser degree embraced the partnerships of TSOs in the fields of welfare provisions. By joining in service delivery, TSOs are encouraging state's responsiveness to the needs of the citizens. Besides, TSOs functions as a platform for individuals to mobilize themselves to promote welfare and development (Hasan and Onyx, 2008).

As such, the service delivery landscape, being so complex, has been shaped by a new form of governance structure that involves collaboration between TSOs and a mix of organizations from the public and private sectors (Macdonald and Cheong, 2014). Thus, a new pattern of governance—what scholars tend to call collective governance, co-management or more precisely collaborative governance (Ansell and Gash, 2007)—essentially emerges involving multiple stake holders to supporting service delivery. In the context of cooperation between government and private sector, the collaboration is mainly focused on Non-Government Organizations (NGOs) (Nadira et.al, 2017) and ignores the role of the TSOs. There are some important types of TSOs, for example charity, that significantly contribute to many policy areas and domains in many parts of the world.

Extant research is evident on third sector, yet manifestly highlighting European perspective. Therefore, it is a generally held notion that third sector is the product of western civilization and that it is at its strongest there. But there is a gap in understanding the service-oriented role of many charity organizations that have developed in Asian countries in last quarter century. Taking Bangladesh context as an example, there has been significant attention to the role of NGOs in the promotion of good governance (Islam, 2016). But NGOs represent only one set of TSOs. It is, however, interesting that scholars have paid little attention to the role of charity as

effective component to governance contribution (Osella, 2018). Moreover, there is a tendency to fit charity functions under the realm of NGOs works which is misleading and ignores significant discussion between developing and understanding of charity sector operation in relation to the state. Furthermore, the role of charity as an effective component of service provider has not been the key assertion in the public policy debate.

Against this backdrop, the paper delves into the pattern and the implications of TSOs in the delivery of services. The expected outcome of this article is to help academics and policy makers finding theoretical lens to understand TSOs engagement as new mode of governance. This research is significant mainly because with the increasing flow of service provider to meet the governance challenges, it becomes puzzle to recognize which non-state actor acts in responsible manner and shape regulation for improving service delivery. One way to understand such query is to examine the role of TSOs.

This paper is a qualitative review of secondary sources. The data includes relevant books and journal articles on the subject under study. The analysis draws on themes extracted from the content of some selected literature on third sector governance. After reviewing literature, this paper identified few categories including concept, research development, and charity as an example of third sector in governance in the context of both the western world and Bangladesh.

The organization of this article is as follows. The next section presents a conceptual discussion of TSOs. It then highlights the development of this research enterprise in the literature. Next to it, this paper briefly highlights on the role of charity as an example of TSOs in governance by the meaning of public service delivery, referring to the examples of the western countries and Bangladesh. In the conclusion section, the paper summarizes the key points outlined in the review.

The Concept of Third Sector Organizations

The TSOs exist outside of the public (government) and private (business) sectors. Etzioni (1973) coined the term 'Third Sector' in his work *The Third Sector and Domestic Missions*. To him, it is an alternative sector separate from and balancing the state and the market, themselves considered separate sectors. Goymen (2008) maintains

that third sector is the product of private collective action, it is not part of the government that seeks to provide goods or services to their members or for others. TSOs are often referred to as voluntary groups, community groups and private enterprises (Macmillan et al., 2013). They are primarily driven by a social mission rather than to generate profit, and they often work with the help of volunteers to address societal crises, contribute to public service provisions.

This sector provides range of activities for the common causes of people and became important actors in many important areas, including social services, health, education and social development (Islam, 2015). The study of third sector organizations became the priority focus for political scientists. They tend to perceive the service delivery function of third sector organizations within the preview of public-private partnerships (Rees, Mullins and Bovaird, 2012). TSOs contribute particularly to the welfare domain (Osborne, 2008) and promote equality, rights and justice and empower youth to raise voice about social, environmental, political and economic justice. In many new democracies, TSOs help to strengthen community integration and promote civic virtues. They build networks of empathy and support and create opportunities for social interaction, collaboration, and mutual help. Thus saying, TSOs are considered as an essential pillar of democratic society.

Recognition of the significance of this type of organization has been one of the key assertions of public policy developments of the last few decades. Hasan and Onyx (2008) conducted an in-depth study of the practice of third sector organization governance and finds that many countries of the world have witnessed the rapid growth of this diverse set of organizations. Salamon (1996) notes the historical growth and development of third sector globally. The 1960s marked the startling growth of TSOs in the West, the 1980s in non-communist Asia, Africa, and Latin America and the 1990s in ex-communist regimes of Europe and Asia. Their existence is, therefore, very pervasive.

TSOs significantly contributes crucial support and drive positive change to the social, economic, educational and environmental development in Bangladesh where a large portion of the population lives below the poverty line. Yet, reference regulating TSOs are not clearly defined in Bangladesh law. However, the common definition of TSOs in Bangladesh is the laws that regulate societies, cooperatives, trusts, or unions. In this

connection, the Societies Registration Act (1860) or the Social Welfare Registration Ordinance (1961) is the commonly used reference to define TSOs in Bangladesh. Rather than a having clear cut definition, the concept of TSOs encompasses several characteristics. First, these are voluntary groups where members engage themselves out of altruistic zeal. Second, the TSOs seeks to provide services to the welfare of a target group and not driven by personal monetary benefit (Ahmad and hasan, 2006).

Research Development on Third Sector in Public Governance

Research on third sector organization is at its height and its growth is global (Taylor, 2010). Extant literature (e.g. Anheier and Seibel, 1998; Gidron et al., 1992; Salamon, 1995) well captured the relationship between the state and third sector in the context of service provision. For example, Teicher, Alam and Gramberg (2006) note effective public private partnerships in Australia. They argue that to enhance efficiency in public services delivery, Australian government increasingly relies on private sector service providers and adopts various business partnerships with those providers. Lyons (2001) finds that approximately 65 per cent of Australians belongs to at least one third sector organization. As such, TSOs has become a reliable partner of state. Nemec (2008) expresses similar views arguing that the public-private third sector mix has represented new solutions of governance.

Phillips and Smith (2011) note that such partnership is very pervasive in the US, UK and many other countries. For example, in the UK, community engagement is a major component of the coalition's "Big Society" program. Macmillan (2010) notes that several research has been undertaken on the UK Labour government's interest in promoting the sector's role in service delivery in the last five to ten years. Similarly, social scientists across Europe became fascinated with the study of third sector. Osborne and Stephen (2008) have argued that the European Union has too put emphasis on the third sector's engagement at the heart of its pursuit of democratic legitimacy, integration, and enlargement. Brandsen (2008) maintains that TSOs have traditionally played major role in providing public services as governments have contracted out parts of their service delivery responsibilities.

Recently, many Asian countries came to realize the efficacy and potentials of third sector organization in the key areas of development and public services. Even many governments allow the service delivery function parallel to state. They have

acknowledged that several functions which used to be performed by states can be accomplished by self-established organizations and individuals, particularly in the field of welfare (Hasan and Onyx, 2008). The domestic and overseas donations received through TSO channel significantly reduce ‘pressure’ on the government expending. Countries that belong to restricted economy, such as China, are taking steps toward new nonprofit and charity legislation. Lewis (2004: 171) notes that in the period of current welfare state structuring, TSOs have once more “come to the fore in many countries as potential employees, and providers of welfare to the state.”

As such, a new form of collaboration and partnership between traditional state institutions and TSOs has developed in the implementation of public service delivery landscape. Greve and Hodge (2008) notes such public-private partnership, referring it as a tool of governance. However, there partnership may be more about signaling of support rather than exchange of resources. Lyons (2001) identifies the reason why the collaborative forms of governance mechanism exist in the pursuit of welfare provision. He contends that privatization of many services that previously provided by governments, has now become reality. The idea that supports that economic and social development cannot be obtained by an overemphasis on either state or market is misleading. In contrary to this argument, it is now becoming more accepting that a successful balancing of government and market/business requires a strong third sector (Lyons, 2001).

Charity as Third Sector in Governance

Charity is one of the fastest growing TSOs that have showed its development in the policy domain from the last quarter century. But the origin of the history of charity works as voluntary public giving dates back to the 18th century in western countries. An account of the historical investigation of charitable activity is found in the work of Rubin in her book *Charity and Community in Medieval Cambridge*. The author has explored those medieval men and woman in England witnessed the growth of charity. The twelfth century England alone hosted some 220 hospitals and some 310 were founded in the thirteenth century (Rubin, 1987). Bernard Harris in his work titled *Charity and Poor Relief in England and Wales, Circa 1750–1914* has offered a detail account of the contribution that charity was able to make to meeting social needs. His chapter informs about the relationship between charity and poor law during 1970s and highlights the way in which charity was used to “remoralise” the London poor (Harris,

2007: 19). Cunningham and Joanna in their edited volume *Charity, Philanthropy and Reform From the 1690s to 1850* made similar claim that in the seventeenth to nineteenth centuries, the role of charity was mainly concerned with formulating and implementing policies towards the poor. Relatively scant literature is found, although not explicitly discusses the role of charity as provider of public services. Samiul Hasan (1993) in his article *Voluntarism and Rural Development in Bangladesh* examines the functions and activities that voluntary organizations perform in the rural poor areas in Bangladesh. The author argues that voluntary services are, although uncoordinated and scattered, satisfy some of the demands of the local people which is an important development of their part. Vacek (2001) held the view that the factors that led to the growth of philanthropy in Bangladesh “includes deeply rooted traditions, and cultural, and religious beliefs in the importance of helping others” (Vacek, 2001: 3).

Ever since the emergence of Bangladesh in 1971, many international NGOs, charity and voluntary civic organizations are increasingly getting involved for the service delivery provisions in many local communities that are distant to government’s facilities as well as the remote places where central authorities (government) lack the ability to deliver public goods adequately. TSOs have already gained reputation for their role they played in the development of society. Child education is one of the priority service sectors for both government and TSOs. It is the primary duty of the state to arrange education facilities for every child who has just aged to start schooling. Although every sitting government of Bangladesh shows utmost interest to dispel illiteracy from the country, but this very initiative is often arrested at the ground when a large numbers poor children, who lack the access to primary education, stay out of the government’s supervision. Rural poor children are mostly deprived of mainstream education facilities. In fact, government sometimes deals with too many issues; they utterly forget the concern of that unprivileged child education.

The international charity involvement is now a common phenomenon in the service delivery landscape in Bangladesh. As part of the governance contribution by the provision of delivering rural child education in Bangladesh, the Australia based charity *Co-operation In Development* (CO-ID) is one interesting case in point. CO-ID has been working since 1991 in the remote area *Charfasson* in Bhola district—the largest island in Bangladesh in the Ganges Delta. It mainly works for providing educational facilities for children of poor families living villages on *Char* (a tract of land surrounded by the

waters of a sea or river) by building schools. To date, about 100,000 children have had their primary education through CO-ID run 52 primary schools (CO-ID website, 2024). This organization operates activities in collaboration with local government unit as well as the local community. The impressive record of charity organizations like CO-ID illustrates the potential of TSOs as an important education service provider to poor children in Bangladesh. Equally, it has opened up a research avenue to investigate new forms and patterns of collaborative governance that have developed in the framework of new public governance.

A study by Khair and Khan (2004) investigates Bengali tradition of philanthropic work. The study shows that throughout Bangladesh's history, the practice of giving to others without expecting any return and helping the distressed has transcended generations and spanned communities. This work reveals how the people worked together for the needy people in crises and made contribution towards charity activity that is rooted in custom, tradition and religion. This literature, however, does not directly link to the discussion of the role and functions of charity in Bangladesh.

Sajjad Zohir in his article "*NGO Sector in Bangladesh an Overview*" claims that following the war of liberation 1971, there have been surge of NGOs activities to deliver a variety of social services including microcredit, essential healthcare, informal education, women empowerment and rights advocacy. Haque's (2004) study *Governance Based on Partnership with NGOs: Implications for Development and Empowerment in Rural Bangladesh* introduced the current debates on governance based on partnerships. He finds indelicate balance of partnership between state and NGOs which significantly affects the development goals.

In contrast, Osman (2008) in her article *Public-Private Partnership in Health Service Delivery: Lessons from Bangladesh* has presented a case study of effective public-private partnerships in health service delivery in Bangladesh. These partnerships build on the collaboration of both government of Bangladesh and many donors financed NGOs. The author made the claim that this collaborative model of governance has been widely applied to the health sector in Bangladesh. Chowdhury et.al. (2013) conducted an exploratory study on the public partnership for development in specific sector—tourism. None of these articles, however, clearly discusses the role of charity organizations which is admittedly benefactor of the poor people in the country. Even

the study on partnership between government and charity remain absent in the existing literature.

Concluding Remark

The foregoing review illustrates the impressive record of the role of TSOs in service delivery in both developed and developing world. Given the complex service delivery landscape of many Asian countries, there is a commonly held belief that co-governance between TSOs and the state is often too problematic because collaborative governance mechanism in this context lacks proper efficiency needed to provide effective governance implementation functions. This research, however, shows that this is not necessarily the case always. As discussed in the paper, TSOs action in the areas of limited statehood supplements to service delivery work of the state, thereby, forming a new form of coordination what we know as co-management or collaborative governance. The TSOs collaboration effectively respond to the needs of marginalized or underserved sections of the society. However, the growing influence of TSOs also poses challenges related to public dependency on external assistance, citizen's trust, and overall, transparency and accountability. Laws regulating the functions and operations of charity is not yet clear cut.

This paper stresses on developing a strong regulatory framework and promoting collaborative partnerships between the state and charitable organizations. As the growth of third sector is an evolving reality for a third world country like Bangladesh, both policymakers and researchers have critical responsibilities in ensuring that this contribution is effective, and sustainable. In this vein, it is suggested that future researchers can focus on more empirical studies on the impact of TSOs in governance, with a focus on accountability mechanism, and service delivery outcome in priority service sectors including health, and education. This paper also put forth some policy recommendations including strengthen legal and institutional framework that will enable TSOs to functions beyond the overwhelming state control. The concerned government agency should promote cross sectoral collaboration and invest in capacity-enhancing policy so that TSOs can focus on complex social problems and contribute more effectively to service delivery.

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