

**ORGANIZATIONS IN DEVELOPMENT:
THE CHANGING NATURE OF SERVICE PROVISION
IN THE PHILIPPINES**

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October 1999

Working Paper 299

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ISSN 0921-0210

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CONTENTS

1. INTRODUCTION.....	1
Objectives and statement of the problem	2
Scope and limitations	3
Methodology.....	4
Organization of the paper	5
Significance of the study	5
2. REVIEW OF RELATED LITERATURE AND THEORETICAL FRAMEWORK.....	6
The provision of services.....	7
Different values?	12
Conclusions: implications of the blurring boundaries.....	19
3. BLURRING THE STATE, MARKET AND CIVIL SOCIETY IN THE PHILIPPINES.....	22
Socio-political context.....	23
Institutionalizing people power	25
‘Development’ and other influences	26
Conclusion.....	28
4. PHILIPPINES CASES OF STATE, MARKET AND CIVIL SOCIETY INTERACTION.....	30
Empirical applications: the Philippine case.....	30
Case 1: the health sector	31
Case 2: higher education	35
Case 3: civil society organizations	39
Case 4: utilities	41
Conclusion.....	44

5. WHO'S INFLUENCING WHOM?.....	45
Private values.....	46
Civil society values.....	47
Public sector values	48
Analysis	50
Conclusion.....	51
6. ORGANIZATIONS IN EVOLUTION.....	52
The changing boundaries.....	52
Adaptation and redefinition of boundaries	54
When cultures and values clash.....	56
Organizational change	57
The boundary organizations	58
Implications	59
REFERENCES.....	61
LIST OF ABBREVIATIONS	69

1. INTRODUCTION

Providing access to basic needs has changed considerably from the time when the first development decade was launched. Foremost is how the roles of the public, private and civil society actors have been transformed. Whereas, the provision of basic services was initially associated with and limited to the public sector, today, the provision of electricity, water, health care, education, food, credit, and even prisons among others is now also the domain of many organizations from both the private sector and civil society.

Many factors have led to this change. For one, people have recognized the limitations to the state and the possibilities that the private sector can provide to development. The rapid pace of development and economic growth has forced the private sector to undertake significant investments in infrastructure services to compensate for the deficiencies in publicly supplied infrastructure (Anas, Lee and Murray, 1996).

There are even those who also propose a third way, different from the public and the market alternatives that can address the limitations of both¹. This is where services provided by civil society organizations come in. For instance, NGOs provide most of the primary health care services in Tanzania, while the role of national defense in Switzerland and Costa Rica is not the responsibility solely of the state but rather by society in general. With this, questions arise as to what the roles the state, market and civil society should be with respect to service provision.

Not only has the landscape been transformed by who provides the services, but also, what society views as a basic need has changed. Following the argument that basic needs should or may take the following characteristics: (1) pertains to the basic necessities of life; (2) enhances the general welfare of the people and improves the individual's capacity to produce more for his welfare; (3) improves access to the means of production and economic opportunities; and (4) gives a sense of security and freedom for decision-making (Cariño, 1983), then the "development project" may have also inadvertently altered what the basic needs of society are and will be in the future.

For instance, if before, finishing high school may have been enough to grant an adult a good paying job — today, having a college degree is no guarantee of a career. Following the idea that the third wave of development is the age of information, access

¹ The public sector, for instance is criticized for its excessive bureaucracy or red-tape, while the private sector is criticized for being overly concerned with profits, neglecting the needs of the majority who are poor.

to computers may even be considered a basic need in the future. Similarly, rural societies before may have taken for granted having a lifestyle without electricity and running water, because they were able to survive without these and never deemed these things as basic needs. However, with development, the drying up of rivers and denudation of forests, communities now consider access to such services as a necessity. Who for instance would have thought it necessary to buy bottled water if one could just as easily drink from the clear streams running one's the backyard? Would clean air also eventually be a basic need that requires provision through public organizations?

Beyond this, there are other forces that are putting pressure on the state, market and civil society to change with respect to their roles in providing services to the communities. Among them are the increasing demands from a growing population, a growing economy, globalization of the world economy, technological change and an environment that has been increasingly changing and altered by the pressures of development. Thus, as the development project pushes on, the needs of people and of communities are changing. Simultaneous to this, how these needs are attained and provided for has been altered. It is in this landscape that the distinction between the state, private sector and civil society is blurring, making it more difficult to distinguish between the roles each sector plays, and pin down the attributes that characterize them.

What this paper tries to accomplish is to show the influences that are changing the landscape of service provision and how this in turn has affected the dynamics between the state, market and civil society. For instance, how are the characteristics of public, private, and civil society actors in the area of interest (see Figure 1) different from what we commonly perceive such actors to be? Is the charging of full cost fees already tantamount to the state's abandonment of its public role? Do private organizations exhibit altruistic tendencies? How different are civil society organizations from their public and private counterparts in this regard? What is the accountability of a private organization providing a public service? How can jurisdictional issues between production and provision of public services be resolved?

Objectives and statement of the problem

The main question this paper intends to answer is whether governance is succeeding in bringing together sectors or organizations of different "values" and leading them towards common goals and whether the shared goals, processes, and values lead

to better, more efficient, and effective services for society. What context allows for the possibility of successful interaction among the state, market and civil society actors?

Corollary to this problem are the following questions as well: Is the blurring of boundaries² giving rise to a new organizational culture imbibing the best values of the partners? Are private enterprises now keen on realizing social objectives? Are NGOs looking at the wider context in which they perform? Which distinctive characteristics of each sector survive and which succumb to the integration process? Does the combination lead to a synergy or chaos?

As such, the general objective of the paper is to illustrate and describe the current dynamics occurring between the state, market and civil society, with respect to public service production and provision. More specifically, the objectives are to:

1. show why the boundaries of the state, market and civil society are changing with respect to the provision of basic goods and services;
2. identify some sectors or organizations (through empirical cases in the Philippines) that fall within the intersection of the market, state and civil society and identify common attributes of these 'boundary organizations';
3. determine how the objectives, or goals, processes and values of organizations have been affected by the changing nature of relationships between the state, market and civil society;
4. draw the implications of boundary organizations for evaluation and research in development studies.

Scope and limitations

There has still been very little empirical research done in this area, especially in developing countries. Hence, possibilities of comparing this research approach and its conclusions with other studies will be limited. Furthermore, available theorization on inter-sectoral and inter-organizational relationships is still in embryonic form.

Various dynamics contribute towards the blurring of boundaries and would require illustrative cases. The cases cited in this paper is limited to several service sector organizations in the Philippines. Because the cases taken are in the context of the so-

² The boundary is the conceptual line that demarcates what is inside the system from what is outside the system, in its environment. It separates what is directly relevant for a particular purpose from what is not of direct relevance or interest. Should the purpose change, the system boundary needs to be redrawn. (Blackmore and Ison, 1998: 41)

cio-economic and political environment in the Philippines, generalizations may be limited, as tendencies in one context would not necessarily apply to another.

This paper will dissect the implications of the blurring distinctions between the state, market and civil society with respect to accountability, efficiency and governance, and ask other theoretical questions that could be pursued in future studies.

Methodology

Most of the information and data collected for this research comes from secondary sources. These are used to discuss the theoretical background on the distinctions, parameters or boundaries that define the roles and characteristics of the state, market and civil society, and corresponding issues arising from the blurring of boundaries or distinctions among them. Cases are cited to illustrate the dynamism and variety of service providers.

To put it in perspective, the research has focused on the Philippines, chosen because it exhibits most of the issues particular to boundary blurring. It has been under pressure to adopt structural adjustment policies, underwent the devolution of a number of centralized state functions, privatized most of its public enterprises and contracted out many public services. It has a very strong civil society component, which has been at the forefront of a number of sectors, such as health; environment; education; and agrarian reform.

The cases are purposely culled from various sectors in order to demonstrate how widespread the phenomenon of boundary blurring is. Since the primary purpose of using cases is to illustrate how norms, values, and procedures are seeping from one sector to another, part of the criteria for selecting the cases were how well they illustrate boundary blurring, the balancing of public and private values, how they contradict “stereotypes” of public, market or civil society organizations, and show the cooperative or complementary nature of these organizations. In relation to this, the analysis of the cases are then in terms of what values, norms or processes (from the state, market and civil society) are being adopted or used by the service providers that are not commonly associated with organizations from their particular sector.

The research follows a systems approach in analyzing how service provision is evolving --- taking into consideration the influences of the environment, the socio-political context of the cases mentioned and the resulting dynamics and feedback that has resulted from the interaction of the sectors and organizations involved.

Organization of the paper

The paper is organized as follows: Chapter two focuses on the theoretical background and related literature that has been written concerning the blurring of the boundaries between the state, market and civil society, and related issues with respect to service provision. It covers the trends occurring in the public, private and the third sectors that lead towards the blurring of boundaries. Information was gathered from empirical cases or and conceptual articles that focus on the management and evaluation of organizations in each sector, and the evaluation of programs where cases of overlap and interaction between the sectors have been studied. Theories in governance and service economy are included to help explain the rationale behind the overlapping of the three sectors and the trend towards collaboration between them.

Chapter three then presents the phenomena of boundary blurring in the Philippine context. It discusses the socio-political and historical events that have converged with the period of globalization and structural adjustment that have further spurred the overlaps among the three groups. In particular, it discusses how the EDSA Revolution, the institutionalization of “people power” (or people’s participation) in the constitution, the Local Government Code and devolution have encouraged the growth of alternative delivery systems and the participation of communities in the provision of social goods and services.

The fourth chapter then presents illustrative cases to show various combinations by which the sectors interact. The empirical cases that are used are drawn from a diverse mix of inter-relationships between the three sectors in the Philippines. The cases are analyzed in chapter five, and organized according to how the tendencies of public, private or civil society values are influencing service delivery organizations. Chapter six is the concluding chapter, and summarizes the findings in the previous chapters and draws its implications for future policy and research.

Significance of the study

Traditionally, ideological discourse and organization theory championed the cause of one or the other sector and contributed to water-tight boundaries, avoiding all possible interaction. However, with the end of the cold war, and the growing complexity of providing the basic needs of the people at reasonable cost, governments are no longer as preoccupied with ideological hang-ups and thus more open to adopting alternative strategies. Even among radicals, the debate is now far less clearly drawn

than they were in the ‘modernization’ and ‘modes of production’ debates. People are now more open to considering the potential “contributions of the private sector to development, (having realized) the limitations of the state as a vehicle for progressive social change, and the need for serious consideration of economic efficiency in the delivery of development services” (Farrington and Bebbington, 1993). The significance of this paper would then be to show how this more open acceptance of alternative strategies, rather than the competition between philosophies and ideologies are opening new possibilities for the improvement of society’s general welfare.

This paper is significant as it increases the understanding of why and how the various sectors are becoming involved in the provision of basic social services , and shows the various factors influencing their evolution. In this respect, this would be important considering the perspective that governance involve the state, market and civil society, whereby its quality can be measured from how the average citizen gets his/her basic need fulfilled.

Furthermore, there is a special reason why the developing countries in particular need to be more interested in this area. Most of the developing countries were dragged into the ideological battles by big powers. They often preferred a mixed economy with a pragmatic approach to task allocation between state, market and society. Also, western leaders like Tony Blair, are emphasizing the ‘Third Way’, incorporating good points of all sectors in the interest of society. This has been also one of the conclusions of strategy debates in policy studies, where Amitai Etzioni also emphasized the strategy of ‘mixed scanning,’ neither radical nor incremental, but a combination according to the circumstances (Etzioni, 1993).

Understanding how values, processes and norms are also being transferred or adopted would also impact on the assessment of the quality of service providers and provision in general, and the organizational development of service organizations in particular.

2. REVIEW OF RELATED LITERATURE AND THEORETICAL FRAMEWORK

The shifting boundaries between public and private suggest that both private freedom and public order are important values. The question is rarely whether one should completely trump the other. It is much more often a question of how what we value most about both can be protected.

- Alan Wolfe (1997: 195-196)

The project to restructure the State has involved the erosion of the distinction between the institutions of the state and the private. It has resulted in their convergence in terms of practices, principles and attributes ---- giving rise to hybrid organizations that are both partly public and private (Sanderson, 1996:93) such as government-sponsored enterprises (GSEs) and multi-organizational enterprises (MOEs). Even voluntary and non-governmental organizations now play an increasingly important role in policy formulation and program delivery. In the United States' the increasing involvement of private enterprise (Knowlton, 1998), the growing popularity of Charter schools³ (Fiske, 1998), and proliferation of "home education" (Rosen, 1998), are prime examples of "hybrids" in the education sector. In Western Europe, Trade Unions own and run hotels to earn profits. There are also churches that are introducing computerized services, and even 'wombs' that can be rented in England to spare birth pangs for those who can afford it.

This chapter will discuss the different dynamics of state-market-civil society interaction, and trends that promote its synergy and cooperation. It will show how these trends and interactions are blurring the distinctions between public and private, and reduce the distinctions between state, market and civil society organizations.

The provision of services

It is the failure of the past development decades that has led to the changes in the provision of services. This failure invariably rested on the maldistribution of benefits that was exacerbated by poor delivery systems and inequitable modes of allocation. Whereas before, the burden had fallen on governments to deliver basic services, it was slowly realized that it alone can not carry this burden, thereby justifying the need for alternative delivery systems (De Guzman and Reforma, 1995). Resources and capacities of governments are not enough to guarantee a reasonable standard of living to the masses.

This trend has been noticeable in the last two decades, especially after the end of the Cold War, wherein the New Policy Agenda was organized around neo-liberal economics and liberal democratic theory. Markets and individual initiative were now seen as the most effective way of bringing about economic growth and a better way of

³ The charter school concept basically allows teachers, parents and just about anyone who wants to do so, to open up a public school, with the same amount of money that a regular school would receive for each pupil but exempt from most bureaucratic regulations.

delivering services to the people, limiting the role of government to mere enablers (Edwards and Hulme, 1995). This has led to trends such as deregulation and more non-governmental and private participation in the delivery of services. “Public service” may now be provided by the public, private or the third sector, or a combination therein and vary in form, shape and size. These institutions perform a social role of provision on the basis of need, rather than in response to private individual demand, constituting the ‘public interest sector’ (Mackintosh, 1995:28).

The problem is more serious in developing countries where there is both ‘state and market failure.’ Hence, the replacement of one by the other does not lead to any significant improvement.

Trends towards promoting synergy and co-operation --- New Governance Perspectives

Political leadership and people at large are becoming appreciative of both the concepts of “state failure” and “market failure” and would not like to replace one failure by another. Specially in the context of developing countries, the private sector is still very weak, inefficient and often, profits in indigenous private enterprise is not the result of competition and efficiency but because of pent up demand and limited supply. Profits are often a result of scarcity protection. Also, the indigenous private sector often refused to meet the demands of the marginalized groups, if they are not backed-up with massive purchasing power.

This has in turn led to the growth of NGOs in the last two decades. Viewed as a third alternative (or third sector), this growth has been due to the negative consequences of economic development, whereby governments were unable to bring about equitable economic development (Yamamoto, 1995). The current world economic order has resulted in serious deficiencies in the production and allocation of goods and services, imperiling the survival of local communities. This has led to the growth of the “civic economy” and the proliferation of grassroots organizations (Palazzi, 1997:4, Escobar 1992: 420-1). Trends show that NGOs are integrating into the world economic system to ‘give a human face’ to structural reforms and act as ‘social safety nets.’

However, civil society, and NGOs in particular, still need considerable capacity development. Hence, the problem needs to be approached pragmatically, seeking strengths, unique features of each and minimizing their dysfunctional elements. This requires careful social engineering and familiarity with different sectors and types of organizations.

Neither markets nor democracies could function well or function at all unless governments are able to design and implement appropriate public policies, administer resources equitably, transparently, and efficiently, and respond effectively to the social welfare and economic claims of citizens. The definition of what needs to be done to build capacity has grown to include actions and processes that link the public sector, the market and civil society. This new definition suggests that capacity building is synonymous with the concept of development (Grindle, 1998:9). It is in the wake of economic and political reforms of the past that development specialists now turn towards the improvement of governmental performance as well as that of other social delivery actors. As Grindle points out, the issue is not about choosing between a big state or a minimalist state, but rather is about the effectiveness of whatever the state does.

Some argue that effectiveness can be improved by coordinating efforts of all sectors in order to reduce redundancy among programs and increase the potential for working at cross-purposes (Gorman, 1984:67-68). Autonomy and greater flexibility can be achieved by working outside the conventional orbits of the government through contracting out services (Sharkansky, 1980: 121). Others also found that greater interaction and co-production of services makes the producer or service deliverer more accountable. (Hupe, 1993: 148-149). Access to better and more reliable services is an issue when private companies involve themselves in the self-provision of services to fill in the gaps in the services that the state fails to provide (Lee and Anas, 1992).

The new concept of governance now covers the idea of “partnership among the public, private and non-profit sectors” (Caiden and Caiden, 1998:3). Cases show that linking the state, market and civil society, by developing their complementarities increase developmental success (Nugent, 1993; Lam, 1996). This synergy is consistent with the broad moral principles of mutual aid and shared progress.

As various forces bring the three sectors together, the idea of giving or delivering service to the public has been altered. Governments are no longer expected to be the sole provider, but rather the steerer, the mover. This idea of enabling governance is consistent with the premise that despite the shrinking of the state and its weaknesses, public organizations still have the monopoly of legitimate and coercive authority over other sectors of society in generating and delivering public goods and services (Reyes, 1995). Even when public services like water or electricity are privatized, that does not take away government’s responsibility in those sectors.

These trends are leading the government, private sector and civil society organizations towards developing more cooperative and collaborative relations. Norms of co-operation and networks of civic engagement among ordinary citizens can be promoted by public agencies and used for developmental ends. Social capital can be formed by making parts of the state apparatus more connected to the communities in which they work. The networks of trust and collaboration that are created span the public/private boundary and binds state and civil society (Evans, 1996b: 122).

Studies have shown that the existence of personal networks that cut across institutional boundaries is one of the most important prerequisites for successful collaborations (Farrington and Bebbington, 1993:189). The role of providing service to the community is now seen as a function not only of the state but also of the market and of civil society. All three work hand in hand to fill in the gaps and make sure the necessary services are covered. Under the new framework of development, the trend is emerging towards an “enabling government”.

On state-private sector interaction one can site the trend of privatization and contracting out. The IMF-WB says the foremost reason why privatization has been promoted is to relieve the fiscal pressures on governments as a result of external and domestic debts that have increased to unsustainable levels in most countries, especially developing ones.

Furthermore, others mention the positive impact of the synergy, interaction and linkage between the state and NGOs on development work done with the poor (Farrington and Bebbington, 1993; Cariño, 1995). Some see that the potential for cooperation between them holds promise “as the latter graft service delivery functions onto their traditional lobbying role and acquire both self-confidence and organizational capacity” (Borins and Warrington, 1996:19). In some cases, the state did not even have prior experience, as in the case of AIDS, social forestry, environmental protection. In these areas, the NGO sector has helped the state in realizing the wider public interest.

The integration of NGO programs with government projects can also reduce redundancy among programs and increase the potential for programs for working at cross-purposes, and allow all actors to directly confront the needs of the most disadvantaged (Gorman , 1984:67-68). If NGOs retain an independence from any coordinating mechanism, it often leads to cases where within one region several organizations (NGO or public) are duplicating efforts, replicating mistakes, using conflicting approaches and generally confusing the rural poor (Farrington and Bebbington, 1993:23).

Synergy implies that civic engagement strengthens the state institutions and effective state institutions create an environment in which civic engagement is likely to thrive. Government action offers institutional resources that hold the promise of making militancy compatible with capital accumulation. There is evidence, in fact which suggest that the strongest impact of NGOs is in areas where government presence is significant and where there is some degree of NGO-government contact (Annis, 1998:209 as cited in Farrington and Bebbington).

Different models can be used to reflect the different roles that NGOs play in society with respect to the state. Modern NGOs perform three basic roles: (1) developmental; (2) mobilizational; and (3) political. Each of these roles are in relation to the government: their developmental role affects and influences the design and delivery of service systems of governments; their mobilization can influence the government's own delivery system; and last, their political role seeks to influence the political system through policies, laws and legislation or its processes and performance (Bhat 1995: 78). However, there are cases of intersectoral co-operation among public agencies, NGO, GROs, and international donors which show that synergy may not be so easy although they also indicate that co-operation across sector differences, power inequalities, and cultural differences can improve the quality of life of poor populations (Brown and Ashman, 1996).

Developing workable relationships between the state and NGOs, state and private sector, private sector-NGO, or all three together, however, remains difficult. All have inherent differences in orientation, values and approach may have fundamentally different views of appropriate ends and means. NGOs, for instance have been noted to be wary of the state, fearing they may be co-opted, while the state is similarly wary of NGOs because they feel that the NGOs are out to substitute or undermine their own efforts. Their distrust also owes to the fact that they follow different procedures and have different values (Miralao and Bautista, 1997). However, NGOs have a dilemma whereby the "smallness" of their operation must be put into a context for the need to become more significant. Increasing their significance, by scaling up, or linking with government for NGOs may mean being politically compromised, or sacrificing their flexibility (Farrington and Bebbington, 1993:24).

A similar frustration has been observed between private sector entrepreneurs and public managers, due also to a difference in values. The challenge for public sector organizations to find ways of adopting appropriate private sector values into their or-

ganization while preserving their role as guardian of public interest (Larson, 1997). On the other hand, for the private sector, involving social equity is the dilemma (De Guzman and Reforma, 1995), just as managing social and community concerns is a challenge (McPhail and Davy, 1998). While poverty reduction is about growth, but it is also about equity and ensuring fair distribution. These are things that the market has historically been indifferent to providing (Goetz and O'Brien, 1995:20).

Furthermore, Mehta defines the 'social sector' as good management with social concerns but at the same time sees the potential conflict of the so-called voluntary spirit with entrepreneurship (1997). Where then does this mix of good management and social concerns begin and end?

Developing inter-organizational co-operation is a daunting challenge. As such, an important problem that must be investigated is the factors that help overcome these differences. What socio-political milieu allows for the successful interaction of all these actors? Or perhaps, the question of whether there are still major differences that must be bridged must also be asked.

However, even the opposite of cooperation – competition can yield similar results. The act of competing can force organizations to change for the better, and 'reinvent' themselves (Osborne and Gaebler, 1992). The history of the Philippine health system for instance would show that various sectors were serviced even without state coordination, since the three sectors actually service market niches of their own.

Different values?

While there is literature available on the assessment, evaluation, and accountability of organizations in each sector, not much literature is available in terms of comparing all three sectors simultaneously. In comparing the three sectors, the tendency has been to either make a typology that differentiates the three sectors in terms of orientation, values and approach (Uphoff, 1995), or to argue that all of them are inherently the same in that all of them are "public" organizations (Bozeman, 1987). While some authors say that the public and private sectors are similar in the unessential and dissimilar in the essential (Moharir, 1995), some find it a challenge to integrate the private sector values into public organizations (Larson, 1997). In fact, there are a number of cases that merge private or market concepts into public organizations (Lawler and Hearn, 1995; Osborne and Gaebler, 1992). Fadahunsi (1993), for instance, notes that a number of public enterprises have successfully turned around their loss-making enter-

prise by deliberately promoting internal competition among their operating units or becoming market or consumer-oriented. Trends in public sector reform include proposals for increased managerial autonomy in exchange for meeting demanding performance targets (Sanford and Warrington, 1996). In Malaysia, state hospitals have been 'corporatized' and run like companies. They can hire and fire, just like a corporate body, allowing more flexibility and efficiency (Sieu, 1998).

The direction by which values are transferred is in no way, however, unidirectional (towards private values). Just as lucrative goals may also be introduced in public organizations, some private organizations may also operate according to a rationale which could be defined as public (Guisti et al, 1997). While public servants are adopting values, commonly associated with the private sector, such as competitiveness and customer satisfaction, in addition to traditional public sector values such as non-partisanship, transparency and accountability, the private sector also seems to adopt certain values generally associated with the public sector such as equity and social responsibility (Borins and Warrington, 1996). For instance, the social and ethical dimensions of business are increasingly getting in the agenda of major corporations and range from minimizing the social impacts of new investments to contributing to social charities (McPhail and Davy, 1998.) This may also be the reason why business schools are increasingly emphasizing public policy, business ethics and social accountability of private enterprises in their curricula. After all, private enterprises use society's resources, their staff are educated by the society which also provide security, law and order and economic infrastructure which gives rise to the profits of the enterprise but for which the enterprise pay much less (if any) than the actual cost of providing the service.

Even civil society movements are evolving because they are faced with a dilemma whereby too much collective action in an economy governed by private investment leads to a negative-sum game (Heller, 1996). Thus, instead of fighting the forces running the system, movements, are instead trying to find ways of working within that system in order to achieve its goals. There is evidence that NGOs do not have to give up their critical faculties nor lose touch of the poor even though they work with government and provide the actual service delivery (Wils, 1997:4). Apparently, effective co-operation requires some degree of mutual influence that allows all the parties to influence and be influenced (Brown and Ashman, 1996).

Although differences inherently exist, these tendencies show that the concepts and values from different sectors are gradually being accepted by organizations in other sectors. After all, private enterprises and NGOs also use society's resources and need to account for their effective, efficient and responsive use for the benefit of society, just as public organizations normally would. This shows that the blurring of the boundaries may also have a lot to do with the nature of service provision as well as the changing views on attaining development.

Co-operation among diverse organizations has emerged over the last decade as an important way of dealing with problems too large or complex for single organizations to handle. Even in cases where the two did not collaborate, it could still be argued that each complemented the other. In cases where they worked in parallel for instance, it still led to the development of alternatives. In cases where they were in conflict, it still contributed to the shaping of policies.

Publicness and Privateness

To appreciate the phenomena of boundary blurring between the state, market and civil society, one must understand the dichotomy between what is public and what is private, for the values of public and private organizations has roots in the public/private dichotomy. As it is, the distinction between the two terms is problematic, with the boundaries between them also shifting.

The public/private distinction can be broken down and organized in two ways that impacts on service provision (Jeff Weintraub, 1997:7). First, the liberal economic model which sees the public/private distinction primarily in terms of state administration and the market economy. Second, the republican-virtue (and classical) approach, which sees the public realm in terms of political community and citizenship, analytically distinct from both the market and the administrative state. Here, "public" realm is based on citizenship and involves the process of active participation in collective decision making, carried out within a framework of fundamental solidarity and equality (1997:10). These two models capture the dynamics involved in the blurring of the sectors, from the tensions and debate as to which sector can better provide the service (whether state or market), to the changing norms entailed in governance that are more empowering and participative.

A number of concepts also span the public-private divide. These include issues like trust and productive informal networks (Evans, 1996), and the problems of per-

formance assessment and the methods adopted for the design of performance indicator systems (Carter, 1991). This is reflective of the first decade of this century, where the movement for a common science of management for all sectors and political systems called “Scientific Management” was rooted. During that period universities provided generic degrees in management and administration to practitioners from both public and private organizations.

This then leads us to the question of what a “public” organization is.

The “Public” organization

Bozeman (1987) argues that even as some organizations may be governmental, all organizations are public. He defines publicness as the degree to which the organization is affected by political authority. It is a dimension defined by an organization’s mix of economic and political authority as the basis of its activity, whereby it is “more public” as its ratio of political authority increases (1987:78-82). Correspondingly, Giusti, et. al. (1997) argues that we should not look at an organization as public or private simply because it comes from a particular sector, but rather look at the nature or type of service it is delivering. Cariño (1997) in explaining the meaning of the term “public” also comes to the conclusion that it required seeing the collective as beneficiaries of goods and services, thereby expanding public administration to include non-bureaucratic means by which these goods and services are delivered. This has precisely been relevant with the onset of state restructuring resulting in the blurring of the boundaries between state, market and civil society organizations.

The blurring distinctions between these organizations then lead to ethical concerns. For instance, a potential for abuse of the NGO-form arises when business people create them in order to avail of tax-free imports, or capture donor funds and subcontracting opportunities in government earmarked for NGOs (Farrington and Bebbington, 1993:194). These kinds of issues make it even more imperative that ‘values’ of service providers be explored.

Blurring Differences

Although all three sectors are involved in providing services to the public and may correspondingly be involved in the so-called ‘public interest sector’, nonetheless, the tensions occur as result of their differences in objectives and concerns. In fact, the underlying theme of much literature in this area is to deliberate the tensions between

private individual values with that of public values. According to Bozeman (1987), publicness is dependent upon the degree to which an organization is affected by political authority, and its privateness, is dependent upon the degree to which an organization is affected by individual economic objectives. Balancing between ‘publicness’ and ‘privateness’ characterize the organizations found in this grey area that this paper explores. This kind of tension captures the dynamics between the state, market and civil society, in an era where the boundaries between them have become less clear.

Are the distinctions still relevant?

Using Cariño’s (1997) comparison of the different kinds of administration (Table 2), for instance, a number of questions come to mind when the same typology is used for the public interest sector or service delivery organizations. Cases and trends can be cited which actually fall outside this typology (illustrating the blurring of the boundaries).

For instance, would not a private entity that takes over a government utility also in effect have passive recipients with respect to client participation, similar to how it would have been had it remained a public enterprise? Likewise, with structural adjustment, the trend is to have user charges and make cost-recovery a central foundation for pricing public services and thus make public administration not solely dependent on taxation. In many service organizations, even if high profits may not be the motivation, they are still expected to “break even”. Furthermore, some NGOs also operate for outright or hidden lucrative purposes (Giusti, et. al 1997), just as psychic rewards are also not limited to the voluntary sector. When a person goes into a profession like teaching, medicine, etc. it can be argued that even in private or public practice the sense of personal fulfillment involved can be the primary purpose for getting involved in that career. As such, there are psychic rewards regardless of the sector a person serves in. The motivation to volunteer is in itself also not limited to “altruistic” motivations but may involve a certain balance of extrinsic and intrinsic rewards (Pearce, 1993). The Philippine Department of Health’s (DOH) program of “Doctors to the Barrio” actually provides better compensation than some public and private hospitals. Even some international NGOs follow government salary scales in order to attract the best people for crucial positions.

Table 1: Comparison of Different Kinds of Administration

Function \ Type	Business Administration	Public Administration	Voluntary Sector Mgt.
Sphere of Operation	Market	State	Civil Society
Purpose	for profit	for public service	for public service; for member's fulfillment
Personnel Administration			
Qualification of staff	Technical	Technical	Technical; empathy
Retention of staff	Based on Performance - Value Added	Based on performance – in an abstract way	Dependent on interest and commitment; process more important than performance
Reward System	Largely pecuniary	Largely pecuniary; status	Largely Psychic
Discipline	Based on Rules	Based on Rules	Moral suasion and self-regulation
Client Participation	Through buying of goods; purchasing power	Originally as passive recipients	Promotion of involvement of citizens
Fund Generation	Profit making – own surplus	Taxation	Philanthropy, income generating projects, some public funding
Structure	Loose Bureaucracy	Structured Bureaucracy	Association
To Whom Accountable	Owner	Public, thru gov't. officials	Public, through its boards

Modified from: Cariño, 1997

With respect to discipline, even voluntary organizations (and more particularly NGOs) have been hard pressed to professionalize by their donors, forcing them to become more accountable for their performance. Even with respect to structure, the tendency of volunteer sectors is to become more bureaucratic as it scales up in operation or size. Big organizations irrespective of sector, may exhibit similar structural characteristics. The bureaucracies of multi-national corporations (MNCs) and governments are somewhat similar. MNCs experience the need for procedures and criteria for recruitment and promotion the same way governments do. International NGOs like Ox-fam have as defined field manuals as government organizations.

As Nanavatty (1996:49) notes, conceptual assumptions are not always reflected in practice, citing the sense of service in voluntary organizations for instance being influenced by such factors as the introduction of a grants-in aid system. This has in turn resulted in the emergence of an attitude of dependency on the givers of grants, and affecting the spirit of innovation and experimentation associated with voluntary groups, becoming mere agents of grant givers in the implementation of services.

Table 2: Trends that contribute towards the blurring of the distinction between the types of administration

	Business Administration	Public Administration	Voluntary Sector Management
Tendencies	<ul style="list-style-type: none"> • also has passive recipients • may have psychic rewards as well for service provision • has a bureaucracy 	<ul style="list-style-type: none"> • cost recovery • has psychic rewards • becoming more participative • Adoption of entrepreneurial and managerial values 	<ul style="list-style-type: none"> • some have pecuniary benefits • becoming more professionalized, • becoming bureaucratic as it scales up

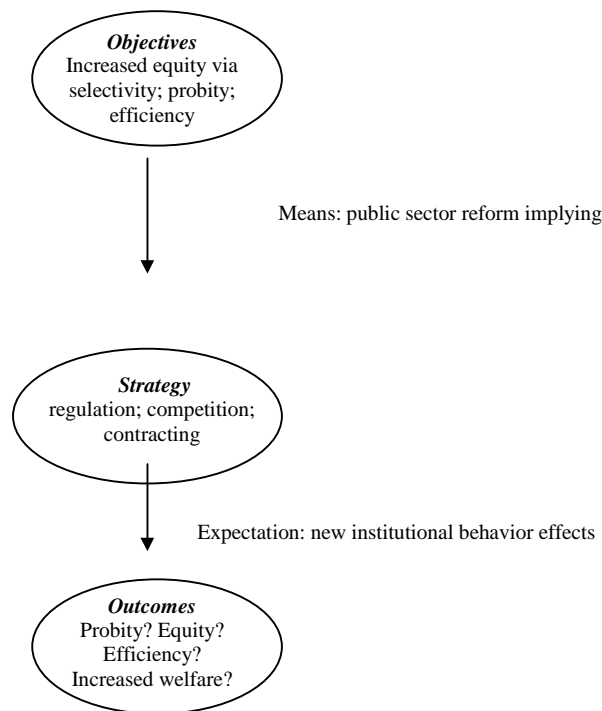
Therefore, though it may be true that there are inherent differences between the three, still, when one focuses on the blurred area among them that involves public interest, the tendency of organizations may be to become more similar, and share common values. A reason for this sharing of values may be due to more scrutiny and exposure of private organizations, increasing competition in the labor market, the trends of cutting back on government and streamlining the bureaucracy. As private and non-governmental organizations take over services previously performed by the state, issues and concerns of public enterprise also become issues for the new organizations that take over.

Similarly, with concerns over cost effectiveness, limited resources and efficiency, values or measures previously associated with the private sector are creeping into the public sector. Some of these major values that the public sector has imported from the private sector include: 1) decentralization – referring to the devolution of decision making within an organization as well as geographic dispersion, 2) flexible organization – thrusts toward organizational arrangements which enable functional, numerical and financial flexibility 3) cost centers --- entailing responsibility for costs, profit centers for profit, and investment centers for investment (Wilson and Hinton as cited in Davies 1998);, and 4) the introduction and use of performance indicators (Davies, 1998).

The idea of infusing such values as “client orientedness” , efficiency and equity has actually had a long tradition in Public Administration which was infused in to the discussion through the “New Public Management” (NPM) movement, and initiatives such as the “public choice” model (Reyes, 1995). As the figure below shows, the goal still remains that of achieving the increased welfare of the society at large through the efficient, and equitable delivery of basic goods and services. Although, in the end, it

still remains difficult to determine the best way to deliver services, whether it be from the public, private or civil society, or a combination thereof, the end goal with respect to governance still hinges on the question of improving access and equity (De Guzman and Reforma, 1995:8).

FIGURE 1
Economic behavior within public management reform proposals
(from Mackintosh, 1995)



These trends indicate that there are less distinctions between the three sectors with respect to the provision of public services. As the sectors overlap, organizations collaborate, people move from one sector to another, and as government regulates, reforms and restructures, their processes and values mix. The challenge is finding the right equilibrium for balancing the various strengths and values each sector brings into the conundrum.

Conclusions: implications of the blurring boundaries

A lot of forces are at play in the blurring of the distinctions between public, market and civil society service providers. The boundaries have been expanding and overlapping due to the influences of market forces and global trends. In many devel-

oping countries, both the private and voluntary sectors have grown considerably, providing alternatives to state provision.

This has resulted from the failure of the past development efforts. It has led to the search for alternative delivery systems that can bring about access and equity in the development programs. Now, there is no clear distinction on who provides the service to society. In some instances, a service usually performed by government is now provided by a private entity, or a non-government organization. There are also cases wherein a service provided by the private sector competes with services performed by the public and third sectors. In some cases the state pays but the service is provided by the voluntary sector, as in the case of the health sector in the Netherlands.

The rise of alternative delivery systems correlates with what Bozeman refers to as the “publicness” of all organizations, and may collectively, together with their government counterparts, be called “public interest organizations” (Mackintosh, 1995). It is because of this shared common value or desire to serve the people between such organization as NGOs and other development organizations that greater collaboration between them must be explored and considered to realize greater effectiveness in the delivery of services.

In general, therefore, the provision of services is no longer the sole domain of the public sector, nor is it completely in the hands of private or civil society organizations. In the end, the question that must be answered is: given this blurring terrain in service provision, whereby there are mixed combinations of private, public and civil society actors, are the issues of accessibility and equity still being addressed? This further heightens the need for people/consumers to be aware and vigilant in demanding for better service.

The end of the Cold War has ushered in an opportunity for states to be more objective about how social services are to be best achieved. With the debate over ideologies being superseded by the need for better and more efficient services to the people, governments are looking at more options and alternatives. No longer is the choice between the state, the market or for that matter other units that stand alone. Replacing one failure with another is not the best option, but instead, intrinsic change within organizations, taking in the best features of what others can offer, exploring areas of cooperation and collaboration is an alternative that holds better promise. The unshackling of constraints posed by ideological differences has opened avenues for greater managerial innovation and highlights the ever growing importance of policy studies. How, for

instance, does this alter the way the delivery of public goods and services are examined? Is government now less accountable to the public? Would alternative delivery mechanisms also have an accountability to the public it serves? What is the best mix of public, private and civil society values for providing services? Under what conditions do cooperation and synergy work?

The blurring of boundaries affects the values, norms, culture and processes of service delivery organizations. Connected to this, the “publicness” of the function and the organization’s goals and mission must also be considered and analyzed.

Organizations are changing with the times. Previous research has shown how the values, norms and processes of various organizations in different sectors have been changing, evolving, or adapting to the new ‘development landscape.’ Thus, while it is true that there are dissimilarities between them, there are tendencies, or trends which need to be evaluated that show the increasing collaboration among them. The direction of structural adjustment policies, for instance, may be affecting the form and nature of public organizations. It may increase the collaboration between state and civil society, and in turn collaboration then becomes a mutual agreement on shared values. Privatization also entails the regulation or adoption of certain pre-conditions that the government must impose upon the bidding entities. This then supports the need for research that captures the ‘evolutionary process in both non-profit institutions and commercial firms as they relate to the public interest sector’ (Mackintosh ,1995:38).

Lastly, in connection to the idea of “converging values”, one aspect that also has to be considered is how to match them with the context of the environment that the organization operate in. Mamadou Dia, presenting the case of South Africa, discussed ways of converging adaptive formal institutions and renovated indigenous institutions—calling it “the reconciliation paradigm” – whereby informal and formal institutions build on each other and converge toward the same goal in order to have positive institutional performance and achieve sustainability (Dia, 1996:2). He argued that in order to perform effectively, institutions have to be rooted in both the local context and culture and open to outside challenges and influences.

Because the evolution of service provision organizations and the convergence of their values highlight the importance of the environment, context and culture, it therefore calls for analyzing the phenomenon applying a systems theory approach. The rationale behind this is the fact that social systems are open, and continually interact with the outside environment. In return the system or organization has an effect on

the environment through an output information that may also be fed back into the system together with other inputs and affect succeeding inputs (Huse and Bowditch, 1977: 46-48). This construction then clearly applies to the issue this research focuses on. How for instance would a private service provider be affected by the competition from public and civil society service providers, governmental rules and regulations affecting it, the demands from the market (or public being served) aside from the general socio-political and economic environment.

Following the systems approach the research is organized in the following manner: the next chapter (Chapter 3) shall put into context how the boundaries between the state, market and civil society are being blurred by taking into consideration the environment and socio-political context of the Philippines. Chapter four, then provides various cases of state, market and civil society organizations that exhibit either mixed characteristics of or interactions between the three sectors. Chapter five then shows how each sector (or system) then interacts and affects the other sector (organization or system).

3. BLURRING THE STATE, MARKET AND CIVIL SOCIETY IN THE PHILIPPINES

The objective of this chapter is to show the factors that have contributed towards a governance perspective that capitalizes on the greater interaction and participation among all sectors in the Philippines.

In a highly globalized society, it is very difficult not to be influenced by events around the world. This includes how people believe development can be attained, how state and society should relate, how organizations interact and impact on the socio-political and economic realms in which organizations operate.

The Philippines is not an exception. The pervasiveness and extent of poverty in the country already presents intervention alternatives for all institutions, be it governmental bureaucracies, voluntary organizations, private enterprise, local government structures and special interest groups to work together with the view of containing if not eliminating poverty incidence (Batalla, 1989:100). This contributes to the changes taking place in organizations and how they relate to one another. Furthermore, because of the country's weak economy, it is easily susceptible to influence from outside institutions, like the World Bank and IMF that promote neo-liberal thinking and strategies like the rolling back of the state and privatization. What happens in the country and the

events that take shape outside it are factors that contribute to the blurring of the boundaries.

The NGO sector in the Philippines is one of the most dynamic in the region. Recent years have witnessed an increasing overlapping/collaboration, between NGO or civil society actors and the state largely due to government policies that encourage such arrangement as well as the changes in perspective among different actors with respect to dealing with government (Cariño 1995, Miralao and Bautista 1993, Rocamora, 1993). The factors that encourage these tendencies are numerous. Foremost are the socio-historical events which have surrounded the development of civil society in the Philippines. Second is the passage of the Local Government Code of 1991, which basically devolved a lot of functions to local government units. Third are the changing views on development itself that in turn influence donor initiatives and priorities. Fourth is globalization, which also impacts on the flow of funds and national policies.

Socio-political context

The Philippines boasts of one of the most developed civil societies in Asia as characterized by its very large number non-government organizations, people's organizations and cooperatives. The growth and development of this sector, however, can never be dissociated from the socio-political events and state of development in the country, such as the People Power revolution that ended Marcos' authoritarian rule.

To help understand the changes in the relationship between the state, market and civil society in the Philippines, one can view it in relation to a particular time in the country's recent history, the Marcos era. The periods can be divided into the early years (pre-Martial Law); Martial Law (or the Marcos period); and EDSA Revolution (or post-Marcos).

The evolution of NGO-GO relationship

The oldest NGOs in the Philippines originated from religious missions and lay activities whose primary mission was to ameliorate poverty through charity work and social welfare. Their "dole-out" approach only reinforced the image of the landlord, the rich or the colonial administrator as a benefactor, and has been criticized as dependency creating. Only in the 1950's did NGOs begin to focus on community development, particularly on health, education, livelihood, and self-government programs. By the 1970s there was extreme social conflict and change in the Philippines. There

was political radicalism in response to growing social inequalities. The communist insurgency was born and Martial Law was imposed. During this period, ‘political awareness-raising’ and ‘community organizing’ was a big part of NGO work (Tan, 1993; Romero and Bautista, 1995).

Nineteen eighty-three (1983) would be an important year in the Philippines. This was the year Sen. Benigno Aquino was assassinated, fanning the flames of discontent. A term coined for NGOs then was ‘cause-oriented groups’, referring to their political agenda (Tan, 1993). As the data of registrants in the Philippine Securities and Exchange Commission (SEC) reveal (refer to Table 3), there was a surge in the number of non-government associations that registered in 1983, and a bulk of these were non-profit business associations.

TABLE 3: Number of Other Social and Community Service
- Entities Registering with the SEC per year by Type of Entity:
1980, 1983, 1989 and 1993

Type of Entity	1980	1983	1989	1993
Research and Scientific Institutes	7	14	38	23
Social Welfare Service	3	4	3	8
Business Associations	61	3004	420	718
Professional Associations	15	52	42	89
Labor Associations	4	72	111	306
Civic Organizations	92	584	2591	4743
Religious Organizations	56	249	523	647
TOTAL	347	3979	3729	6534

From Miralao and Bautista, 1993

The business sector was actively involved in the protest actions against the Marcos administration after Aquino’s assassination. This politicization of the business private sector could also be construed as the seeds of civil sector values being transplanted into the private sector. Not only was this in evidence from the marked increase in non-profit business associations, it was also seen in the regular rallies and marches along Ayala Avenue (the main business district of the Philippines). Civil disobedience was also connected with boycotting business interests that had connection with the regime. Thus, while closer ties between the private sector and NGOs characterized the period, their relationship with the state on the other hand was more in conflict. There was an air of distrust and suspicion, especially between the state and NGOs.

Institutionalizing people power

The coming together of the private sector and civil society organizations culminated into the EDSA revolution in 1986, and the end of the Marcos era. This changed the role civil society played in Philippine society with respect to development, as well as its relationship with the state.

The new government recognized the power of the people to instill change. As such, Pres. Corazon Aquino called upon the citizenry 'to institutionalize people's power and establish them where they (did) not exist' (Quizon, 1989). The foremost step in institutionalizing this relationship took the form of enshrining it in the constitution. Article XIII of the 1987 Constitution (the year after the revolution), is devoted to the role and rights of people's organizations. Section 23 in Article II states that,

The state shall encourage non-governmental organizations, community based or sectoral organizations that promote the welfare of the nation. (Art. II, Sec 23)

Other major government policies further emphasized the role that NGOs play in the country's development. During Aquino's term, the Medium Term Development Plan (1987-1992) recognized NGOs as partners and not simply allies in development work (Quizon, 1989). Also, the Local Government Code of 1991 concretized the participation of NGOs in all levels of decision making, allowing them to participate in local development councils by giving them seats in local bodies and sectoral representation in local legislative bodies. Aside from these, the Aquino administration also encouraged them to link with government line agencies and be active partners in the implementation of projects and programs (Romero and Bautista, 1995). These were the initial steps taken for institutionalizing stronger government and NGO ties.

What also contributed to improved relationship among the three sectors was the fact that most of the people who rallied against Marcos, from the private sector and the NGO community, were now in government. They tried to disseminate the NGO philosophy and ideas in ongoing government activities.

A countertrend to this was also the entry of government into business corporations. This occurred as a result of the government's sequestration of assets and stocks of Marcos and his cronies in various businesses and enterprises as a result of the revolution. Foremost among these were the United Coconut Planters Bank (UCPB), the Philippine Long Distance and Telephone Co. (PLDT), San Miguel Corporation and broadcasting companies like the Radio Philippine Network. Thus, government also had

the capabilities to shape how private corporations involved in strategic industries like banking, telecommunications and broadcasting were operated.

The succeeding term of President Fidel V. Ramos further strengthened the development of GO-NGO collaboration. The transfer of leaders and champions of the NGO community into government positions continued. Foremost among them was Dr. Juan Flavio, who became the Secretary of the Department of Health (DOH). The DOH was highly successful in its disease prevention program and other projects due to the support it was able to muster not only from the NGOs but more importantly the private sector as well (Flavio, 1998).

NGOs were also instrumental in drafting the government's Social Reform Agenda (SRA), which also formed the core of the Ramos Administration's medium term development plan (1993-98). The Medium Term Development Plan (MTDP) instituted six thrusts to guide the country's development strategies, namely: decentralization, private sector led decentralization, democratic consultation, full-cost recovery, social equity, and macroeconomic stability. These thrusts exhibit values which balance concerns and inputs from all three sectors being studied--and reflect the difficult balance which governance entails. What the MTDP shows is how government has conceded that the development program could not solely be achieved under its own efforts and requires the cooperation or collaboration with the private sector and civil society organizations and consciously delineating the roles, responsibilities and degree of involvement of each actor.

Aside from the socio-political and historical events occurring in the country outside factors also influenced trends and policies which all three sectors eventually had to face. This included the changing views of how development was to be achieved and how the world economic order was taking shape.

'Development' and other influences

Prior to the end of the Cold War, how development was to be attained was dichotomized between being public sector-led or being market-led. It was a period when the distinctions of what the role the public sector played vis-à-vis the private sector were relatively clear, although the degree of separation depended on which side of the "war" you were in. Regardless of the side, however, all states, though varying in degree, were involved in service provision. It was only during the Reagan and Thatcher era that the rollback of the state began to gain ground. Thatcher, in particular was criti-

cally concerned with 1) competition; 2) public spending control, and 3) spreading share ownership (Fadahunsi, 1993:21). It was this impetus which loosened the distinctions, and expanded the frontier of alternative delivery mechanisms involving private sector participation and civil society involvement.

Under the tutelage of the World Bank and IMF, public sector reform, the roll-back of the state and privatization in the Philippines was not long in coming. Burdened with an increasingly large inherited foreign debt it was in no position to do otherwise. This led to calls for a less centralized bureaucracy, less state intervention in the economy, privatization and decentralization. A lot of these policies were tied to structural adjustment policies and conditionalities set by international financing institution, supposedly because state agencies were not successful in meeting basic needs and services, the most telling examples being water and electricity.

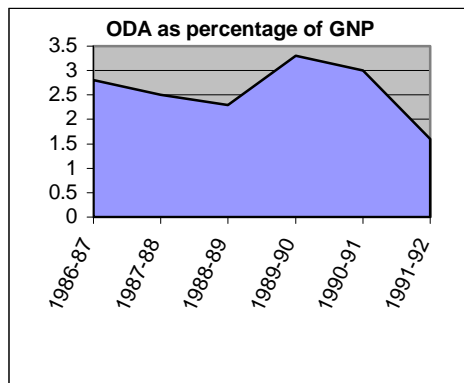
Privatization has been proposed in order to relieve many different economic activities from the government in order for the government to perform its core and regulatory functions more effectively and promote economic growth and development and place it in a better position to protect vulnerable sections of the population (Romano, 1996:200). Part of the incentive for the Philippine government to privatize its assets also had to do with fiscal pressures on it to deliver services. It was pushed by the administration in order to recover or reduce losses, provide budgetary relief, generate substantial revenues for priority government programs, as well as attract foreign and domestic private investment (1996:219). In this past decade alone, the government has privatized a diverse set of assets most notably, Philippine Air Lines (PAL) (transportation), the Petron (oil/gas industry), and the Metropolitan Water Works and Sewerage System (water and sewerage).

The process of decentralization and devolution, on the other hand, was made more concrete through the passage of the Local Government Code in 1991. Tan and Nierras (1995: 53) note that with its passage the major responsibility for delivery of social services was transferred from the national line agencies to the local government units. The problem with this was that the Local Government Units (LGU) lacked the skills and capabilities to manage the devolution process. This opened avenues for PVOs, NGOs and private enterprises to participate in the delivery of public services.

The opening of avenues for civil society organizations to participate in service delivery coincided with the time when development organizations in the country themselves were caught in a debate of whether to reorient their efforts for achieving social

change or to affirm previous revolutionary beliefs. Among the factors that contributed to this reorientation was the view that there was a linkage between economic and political empowerment. Development NGOs, thus, saw the need to develop an integrated approach towards development, and a greater willingness to work with government.

Figure 2



From OECD as cited in Clarke 1998:71

There was also a pragmatic side to the collaboration between NGOs and the state. Aside from the fact that there was less funding coming in from foreign donors, since funds were gradually shifting towards Eastern Europe and Africa, (Rocamora, 1993) most Official Development Aid (ODA) donors insisted on NGO involvement as a condition of most programme loans. Coupled with the fact that while at the onset of the Aquino Administration, ODA as a

percentage of the GNP reached record levels, by 1991-92 it had fallen to 1.6 per cent, equivalent to the rate of dependence in the late 1960's (refer to Figure 2). As the government sought NGO partners, many were set-up specifically to avail of the support, often with the connivance of local government officials (Clarke, 1998: 71). As Table 5 would show, there was a large rate of growth in the number of NGOs and POs between 1989 and 1992, and this can be attributed to the establishment of NGOs which aimed to channel financial and managerial resources on a profit-making basis, or to obtain access to government funding channeled through new 'pork barrel' (patronage-based) programmes.

All these factors — the push for less government, privatization, devolution, and funding incentives (both from ODA, foreign NGOs, as well as government funding) — further contributed towards changing the landscape of service delivery and bringing the three sectors closer together.

Conclusion

In its formative years, NGOs in the Philippines had a “dole-out” mentality with respect to development. Later, it started to incorporate community organizing and community development into its program and became more political and critical of the

state. The politicization of the business sector in the Philippines, on the other hand, began with the assassination of Benigno Aquino which also led to a marked rise in non-governmental organizations (Miralao and Bautista, 1993). From Martial Law until the EDSA Revolution, the relationship between civil society and the state was antagonistic.

The relationship changed with the downfall of the Marcos regime in 1986. Gradually, the strengths of NGOs and the private sector, coupled with the limitations of the state, brought the three closer together. The influence of people from the NGOs and private sector who transferred to government service also helped shape policies which contributing to the opening of service delivery to all sectors.

The policies which the government have pursued (and correspondingly the avenues opened to the private sector), and the strategies NGOs have adopted, have been influenced by changes in the world economic order, the prevailing strategy for development and policies by international financial institutions. The offshoot of these policies included structural adjustment, privatization and devolution. For instance, privatization has given strategic areas, such as electricity, water, the airline industry into private hands. Structural adjustment and the passage of the local government code has further highlighted the importance of civil society organizations in areas such as health, population control, agrarian reform and environmental management, among others.

What the Philippine experience has demonstrated is that the relationship of government, private sector and NGOs has changed with its social context and the way development was approached. With the privatization of many public enterprises and utilities, the devolution of many previously central functions and the corresponding growth of NGOs and POs, the task of governance has been transformed into one that involves the utilization and involvement of all sectors, be it public, private or civil society in origin.

These new partnerships, interactions and arrangements in service delivery are investigated in the next chapter.

4. PHILIPPINES CASES OF STATE, MARKET AND CIVIL SOCIETY INTERACTION

The objective of this chapter is to show how greater interaction among the various service delivery organizations has correspondingly influenced their values. Through cases, it will illustrate the transformation of the processes and values of some organizations and show the areas of blurring.

There are many influences at play in the world today and because of them organizations must constantly be on guard to adapt and survive. In the public sector this is reflected in government re-organizations and public sector reform. In the private sector, they 're-engineer' and 'manage risk'. Similar adjustments and changes are happening in the third sector which are also necessary in order to retain its purpose for existence. This constant adaptation of organizations to the changing rules of the world political economy is contributing towards the blurring of the distinction among them. Nowhere is this muddling more evident than in the area of service provision and areas that involve a great deal of public interest.

As was discussed in Chapter two, these kinds of organizations, because of the nature of their work, could essentially be all considered public organizations (Giusti, et al, 1997, Bozeman, 1987). In this respect, there is a need to view reforms being undertaken by public organizations, by taking an outward looking orientation, and by considering how these organizations operate in an open system (Reyes, 1995). Thus, reforms cannot be solely an internal organizational issue but must factor in outside influences, such as the growing public outlook and sensitivity to the predicament of clients that push for innovations in the management of such organizations.

Empirical applications: the Philippine case

The following cases illustrate how factors blurring the boundaries between the state market and civil society have influenced some public interest organizations in the Philippines. It will show how the values of one sector alter how organizations in another sector behave. It will present how the provision of basic services and greater inter-sectoral interaction leads to the formation of common values that reduce the distinctions between them.

Case 1: the health sector

The different disciplines of health exist because of needs. The health sector's human resources provide services that promote well-being, prevent disease and restore good health to the individual, the family and the community.

The Philippines has experienced significant progress in improving the health status of its population. Between 1980 and 1995, life expectancy at birth increased from 62 to 66 years. Infant mortality rates dropped from 105.3 infant deaths per 1000 live births in 1950 to 24.3 in 1990. These dramatic health improvements are due to the expansion of health services, the increased availability of modern medicine and improved sanitation and hygiene in the last three decades (De Dios & Orara, 1997).

However, despite overall improvements in health status, the issue of accessibility to health services is still a major problem. For one, the country's huge foreign debt, and adoption of structural reform policies have significantly affected the health sector (Tan, 1993). In 1996, the government budgeted a mere P176 million for primary health care, or roughly P2.50⁴ per person to—among other things—immunize, provide safe drinking water, build toilets and teach every Filipino about basic health care. According to the Social Health Insurance Networking and Empowerment (SHINE), only about a third of the country's 69 million people are covered by some form of health insurance. The Philippine Institute of Development Studies (PIDS), on the other hand, estimates that only a tenth of the population can afford to enroll in a health insurance plan. Furthermore, primary health care services still fail to reach a large proportion of the poor, especially in rural areas. Among the poorest 30 per cent of the population, 35 per cent still use unsanitary sources of water, and 44 per cent have no sanitary toilets (De Dios & Orara, 1997:8).

This shows that the provision of health care in the country remains inadequate for the needs of its population. Compounding this is the Local Government Code of 1991 which essentially devolved the responsibility of providing health services from the national to the local government. Although data shows that local governments have been able to increase their allocations for social services, especially education, the trend for health has been declining. This is partly due to administrative difficulties experienced by the sector in adjusting to the devolution (De Dios & Orara, 1997).

⁴ As of March 31, 1998, approximately thirty-eight pesos is equal to one dollar (P38 = \$1).

Improvements in the health status of communities are now highly dependent on the ability of local governments to generate revenue, and their prioritization of health. The pressure is on local communities to find alternatives themselves, or otherwise, live with the small amount provided by the government. This has given rise to various alternative delivery health care and health financing systems, many of which are developed and financed by the communities themselves (Cariño, 1982, Alampay and Alampay, 1998). Perhaps, because of this, nowhere else are the boundaries more blurred than in the health sector.

The Philippine Health Care Delivery

The health system of a country is best understood by examining its infrastructure and how its major components function and coordinate.

Health and related services are delivered through a variety of service providers. There are three subsystems of service providers, classified according to the nature of control of the provider or agency: the government, the private sector and civil society organizations (NGOs, cooperatives, community-based health programs).

Government

The government's health service providers consist not only of the Department of Health (DOH), since practically all departments provide medical services to their respective constituencies. The Department of Health, however, is the principal guardian of the people's health. Prior to devolution of the department, it provided primary health care services in all parts of the country through a network of Rural Health Units (RHU) and Barangay Health Stations (BHS) and in-patient services through a system of hospitals at the municipal, district, provincial, regional and national levels. It also provides services that address special problems through the bureaus, divisions and service units. However, with the implementation of the Local Government Code, it is no longer the direct service provider, except in retained hospitals. Its current role is primarily to set standards.

Private

The health system of the Philippines has a large private sector engaged in health service provision consisting of professional practitioners and business enterprises. The first refers to health professionals such as physicians, dentists, nurses, midwives, phar-

macists, etc. who may individually practice their profession or are employed in institutions or agencies. The second refers to the institutions or agencies such as hospitals and clinics which employ health personnel. However, the majority of physicians and dentists are self-employed. There are also a large number of traditional healers who are practitioners of indigenous medicine in the country. They are generally found in the rural areas, but many are also urban practitioners.

Non-Government Organizations (NGO)

There are NGOs that are voluntary in nature but receive some financial support from the government. These include the Red Cross, Tuberculosis Society and Puericulture Centers. The last is principally supported by Women's Clubs and are found nationwide. These organizations employ their own health personnel. There are also other NGOs who do not originate from government. They evolved to fill the gap in the government health service especially in the delivery of primary health care. Some are church-based; while others are politically oriented. They are found in both urban and rural areas serving primarily the poor.

Intersectoral influences

Though the previous discussion shows that all three sectors participate in the delivery of health care to society, especially after the passage of the Local Government Code, it does not show how these three linked or affect each other.

Civil Society's Influence on the Public Sector

For example, even as the Philippines was among the first countries to adopt, the Primary Health Care (PHC) concept in the health system on a nationwide basis, the local NGOs and community organizations were ahead of the government in adopting the process. While PHC was implemented only in 1979 (Persigan, et. al. 1992), there were already community based health programs (CBHP) as early as 1973 (Tan, 1993). Community mobilization and participation, which is central to the objectives of the PHC, are concepts or values inherent in civil society organizations. In this way, PHC could be considered as an example of an alternative delivery strategy developed by non-governmental organizations that has been elevated to the mainstream.

The adoption of PHC also came at a time when the ties between civil society-based organizations and the state were not close. Thus, they existed in parallel to each

other (Tan, 1993). But because there was much work to be done, and there was a general insufficiency in resources, various alternative delivery systems abounded, such as university-based, religion-based, and voluntary organizations, and some integrated programs. Sometimes the services came in conflict with what the government had already done, resulting in duplication of efforts. This often occurs for instance in disaster relief operations, whereby relief goods tend to concentrate in more “publicized” or media-highlighted areas, resulting in the neglect of other equally devastated localities. This justifies the need to coordinate efforts. There are cases, in fact, that point to successful coordination, such as in Sudtonggan (Cariño, 1982).

Closer GO-NGO interaction was more possible after the EDSA Revolution. Developing trust between the government and NGOs was easier with the transfer of leaders from the NGO sector. This made it possible to push for programs like the Generics Act, which was an NGO-endorsed policy that required doctors to prescribe medicine according to their generic name rather than its commercial brand name.

Private Sector’s Influence on the Public Sector

Private sector processes have also influenced the public health sector. This has been evident in the effective marketing campaign of the DOH programs in the early 90s. The success of the term of Dr. Juan Flavier as Health Secretary had as much to do with the department’s close interaction with NGOs and the private sector as with how well it was able to communicate programs to the public. The DOH used creative and catchy commercials, slogans, and mascots, and maximized the use of the print and broadcast media. Marketing is one of the key areas where some authors see public managers needing reinforcement (Larson, 1997).

But aside from adapting processes and programs from other sectors, perhaps what illustrates the changing dynamics of relationships between the three sectors is through programs which show how all three can interact to help provide an efficient delivery of service. This was in evidence in the DOH’s National Immunization Day (NID) and anti-malaria campaign. The success of these programs was a result of the DOH being able to develop a strong partnership with NGOs, but also with private corporations. These corporations were not directly health related, in fact they were consumer goods companies and food chains. But the usefulness and advantage of these organizations were their lean organizations, efficient system, and most importantly, their vast network of representatives that reach every corner and cranny of the archi-

pelago. During the NID, a burger chain, for instance, allowed the use of their restaurants nationwide as immunization centers where the children can be inoculated. During the anti-malaria campaign, it was the sales representatives of some multi-national corporations who were tasked to disseminate and provide educational materials on proper hygiene to far-flung barrios (Flavier, 1998).

In reflecting about his term as Health Secretary, Dr. Flavier says, 'People think the greatest value of the private sector to government is....money. In truth, (the government) never received any outright funding from any business group for any of our projects or programs... what bound (us) was not funds. It was people. Ours and theirs (who) shared a commitment to serve that gave meaning to our bond.'

This sharing of commitment, and perhaps values is what brings together people who are involved in service delivery. Whether they are competing or complementing, the rationale for greater collaboration between them is possible because of their common desire to serve the people. Doing so can lead to greater effectiveness in the delivery of services.

Case 2: higher education

As with the health sector, public higher education is under pressure to be more responsive to the increasing demands from a growing population, and yet, it is handicapped by declining budgetary allocations. This is compounded by other issues such as those that pertain to access, poor quality of graduates, and the mismatch of fields of specialization of graduates with the actual needs or demands of the sector.

Of the 810 higher education schools, 82 are state colleges and universities, with a combined enrollment of 250,000 tertiary level students, compared to the 1.05 million in private universities and colleges. (Rosario-Braid, 1992). This means that the future impact of higher education will depend much more on the activities of the private sector than the state colleges and universities.

State universities depend on state funding and consume a large part of the education budget. A World Bank study says there's a predicament in higher education due to declining resources, quality, and equity. It recommends that government spending on higher education be reduced and student fees increased (Waheed, 1997:23). This recommendation, however, contradicts the other purpose or objective of the state, which is to make access to higher education equitable to all. By raising fees, it would

be to the disadvantage of the poor who are qualified but do not have the means to afford the cost of higher education.

Another problem of higher education has to do with its availability. Because the government does not have enough resources, it must make special provisions for targeting sectors of society who must be prioritized. This involves the democratization of access to state universities. Unless it specifies the targets for the service, there will be a tendency for the middle and upper classes to benefit more from the services in terms of quality and quantity (Cariño, 1983). This is the dilemma Philippine higher education finds itself in.

Recommendations for Educational Reforms

The Philippine educational system was assessed by the Education for All (EFA) Movement and the Congressional Commission on Education (EDCOM). They had a broad-based and participatory approach, focusing on philosophy, goals and objectives of education, sectoral targets, management and governance among others. Among their recommendations were (Braid, 1992:237-251):

1. the deregulation of tuition fee control; the improvement of the quality of education in private schools, pursued with appropriate safety mechanisms to prevent its commercialization, whereby revenues are used for the improvement of physical facilities, salary adjustments and the training of teachers and other school personnel;
2. a corresponding increase in student loan programs, socialized tuition fees and scholarship grants, to address the issue of accessibility, despite deregulation;
3. the adoption of a more decentralized and participatory development of the curriculum; and
4. the inclusion of community immersion and applied practicum and values formation, to make education relevant, development- oriented and nationalistic.

Amidst calls for reforms and changes in higher learning institutions, how have these institutions responded to the challenges of meeting the issues of equity, access, quality, and relevance? To illustrate this, let us take the example of the University of the Philippines (UP), the premier state- university in the country.

The Case of the University of the Philippines

When U.P. was established on June 18, 1908 by Act No. 1870, it was “to provide advanced instruction in literature, philosophy, the sciences and arts, and to give professional and technical training to every qualified student regardless of age, sex, nationality, religious belief, or political affiliation”. This role finds expression today in the University's principal functions of instruction, research and community service. In furtherance of this mission for the next century, U.P. targeted “twin goals of excellence and equity”. (Javier, 1997). These two main policy thrusts are embodied in UP Plan 2008, which restated, aims to raise the standards of education and further democratize access to a UP education.

Balancing Public and Private values: Access, equity and financial autonomy

To address the issue of access, the University has been expanding, opening new autonomous campuses, such as in Mindanao, and new technology- based programs, such as distance learning and the Open University. On the issue of equity, it adopted a socialized tuition and financial assistance program (STFAP) as early as 1989. Both of these thrusts, however, fail to address the foremost problem, which is the declining funding from direct state allocation. Its resistance to increase fees, together with the expansion of its services and the provision of additional subsidies for its students, have only added to the burden of financing its operations. Furthermore, these also impact on performance--- while it addresses the issue of accessibility on one hand, it also diminishes in its quality of instruction as it spreads its resources too thinly.

The complementing strategy to address this issue was for U.P. to ‘commercialize’ idle land assets, by leasing properties to private commercial users. While commercialization is one of the growing issues in the UP today, it should be noted that this is also an issue in some private institutions like the University of the East. Whether an educational institution is public, private, or non-profit in nature, generating funds continues to be a predominant concern.

Clearly, the successful performance of the university in both equity and quality hinges on its success in raising alternative sources of revenue. This is where the autonomy of the public institution plays a role, requiring an adoption of more “managerial” strategies. Introducing more autonomy (especially financial autonomy), and encouraging more competition (both internally and externally) can make the university

more accountable to the public. Also, autonomy provides it room to give benefits to programs and personnel, by not constraining itself to budgets and rules.

As the next millennia approaches, the struggle to compete and perform becomes more daunting. But in a state university, like U.P., competing and performing will not be enough. U.P. must do so without forgetting the other tenet it has to uphold -- equity. This balance of excellence and equity is a virtue essential to public service.

In order to address both the issue of democratizing access, and at the same time maintain if not improve its standards, the University commercialized idle land assets, and introduced a socialized tuition and financial assistance program (STFAP). With the commercialization of assets, the university could have more fiscal autonomy with the use of its resources, and use this for needed investments to upgrade facilities and increase faculty wages. The planned commercialization will be in partnership with the private sector. The private sector will raise the bulk of the capital needed to develop the area according to specifications that have been approved by the University's Board of Regents.

Civic Influences: On values formation and the curriculum

In 1992, UP conducted a study entitled the Knowledge Attitudes and Values Study (KAWS), which determined what its students considered as the foremost values their U.P. education wanted to instill in them. The study found that service to the nation was ranked poorly among the things students value. Because of this, the first program launched by U.P. President Emil Javier was the *Ugnayan ng Pahinungód*⁵. It was to become the volunteer service program of the University, the main intent of which was to instill the value of service and voluntarism in its students.

Included in the Pahinungód was a plan to incorporate voluntarism in the curriculum. This was done by encouraging more applied learning strategies, or "service learning", whereby teachers encouraged students to put into field applications the tools they were learning in class. Pahinungód also had "immersion"⁶ programs for students,

⁵ The name's english translation is *Oblation Corps*. The *Oblation* is the University of the Philippines' emblem that shows a naked man with his arms outstretched and raised to the heavens. The Oblation symbolizes an offering of oneself to a cause higher than his own.

⁶ Immersion involves sending people (in this case students) to depressed rural and urban communities to stay there for a prolonged period of time, to live with them, eat what they eat, do what they do, and basically experience with them the realities that they encounter in their daily lives.

in order to expose them to social realities, and not limit education to the four walls of the classroom.

That the Pahinungód program was institutionalized in 1994 does not mean that the “spirit” or value of voluntarism did not exist in the University prior to this. In fact, Pres. Javier recognized that this was his effort of institutionalizing something that, to his knowledge, already existed. In fact, many student socio-civic organizations had been doing service work prior to this, like volunteer teaching in the elementary grades by the Economics Society (ECOSOC), the building of low-cost housing by the Arki-Forum (an organization of architecture students), and the organization of immersion programs by the U.P. Student Catholic Action (UPSCA). There were also teachers, who to a certain degree had developed some form of service learning in their classes. But by institutionalizing public service and volunteer efforts, the process by which the University educates and imparts its values was transformed.

Case 3: civil society organizations

A. Cooperatives

A cooperative is a type of organization which lies in the between the private sector and civil society divide. It has a dual nature, wherein it is both a social and a business organization, and its members are both owners and customers at the same time. In the Philippines, cooperatives could even overlap with government, such as when they are used in the provision of electricity in rural communities (refer to case on *Utilities* that follow).

Cooperatives in the Philippines, just like their NGO counterparts, have a network, the National Confederation of Cooperatives (NATCCO). Recently a study of NATCCO affiliates was conducted, in order to measure the performance of their business operations. However, just like other development managers, the challenge in managing cooperatives is how to meet both the service and profit motive of the enterprise, as well as how to balance equity and growth considerations while striving for sustainable development. The study was able to provide three such cases of cooperatives that were able to balance these objectives successfully. They were the Novaliches Development Cooperative (NOVADECI), the Paco-Soriano Pandacan Development Cooperative (PSDC) and the Nabunturan Integrated Cooperative (NICO). All three were among the larger cooperatives in the network with respect to asset size. All of them used their own resources to provide social services that were not necessarily high-

yielding or income-generating. Even then, they were able to perform as well as their average counterparts in NATCCO (CCS, 1997: 99-111; 120).

An interesting finding of the study was that asset size appears to be related to performance. Although the larger cooperatives don't perform especially well in terms of return on invested capital (ROIC)⁷, this was because they engage in more social services that are not necessarily income generating, which pulls down returns to more moderate levels. This indicates that as cooperatives grow in asset size, exceptional returns are more difficult to achieve because they are more concerned with balancing service and profit objectives (CCS, 1997: 124). This tendency is more akin to the behavior of public enterprises, which also try to limit profits for the benefit of the consuming public.

B. NGOs

Private Sector Influence on Civil Society: management skills, risk and financial management

The Philippine Business for Social Progress (PBSP) is a good example of how the private sector is adopting public and social values. Although it is technically an NGO, its origins come from the private sector. As early as, 1970, when the country was on the brink of social ferment, fifty Filipino and international business firms established the Philippine Business for Social Progress (PBSP). The incorporated members of PBSP pledged to allocate one percent of their annual net profits before taxes for social investments. It was to be, unlike other business philanthropies, a professionally-managed development agency. The main objective of the organization was to instill a sense of corporate responsibility among the members of the private sector, and the spirit of self-reliance, entrepreneurship and innovation among the beneficiaries of its projects. (Batalla, 1989:86-87)

In its early years, it was heavily involved in the direct management of its prototype projects. But even then it realized that some project proponents lacked the most basic management skills. It also realized that the bulk of its resources should go to the poor rather than the bureaucracy that claim to help the poor. Among their questions were whether they were reaching the poor (or the really low-income families) and how they could make their programs self-sustaining.

⁷ Their ROIC range between 7.5-15%.

PBSP emphasized operational efficiency, issuing a policy that 90% of its total revenues should be disbursed to projects, and only 10% should go to operating costs. Their initial financial objective was to raise as much resources as possible, therefore the primary financial strategy initially was to attract as many members as possible in order to increase contributions (the same way cooperatives basically operate).

Risk management

In the late seventies however, this strategy of PBSP to get a one percent contribution of the net profit of their member companies was eventually adopted by the government. Government required all business corporations to contribute one percent of their net profit before tax to a community fund, that in turn would be managed by a government set-up organization. Given this, the PBSP would have been redundant. (Batalla, 1989:90)

What PBSP in turn did was to institutionalize its capital fund with the goal of building up in trust, P100 million, with the interest earnings of which would then finance programs and projects, with the bulk of the funds being invested in fixed-income securities. It also entered into co-financing schemes with international donors, while at the same time reducing operational costs, through cost saving measures and developing a leaner organization.

It was the sound financial strategies, augmented by having the foresight of identifying risks (especially in terms of its revenue sources), that moved the PBSP from a question of survival to a question of growth.

Case 4: utilities

Questions of access, equity, and pricing are just as complicated in the provision as basic utilities as in other basic services. For instance, early in the year, it was announced that the government was asking the Manila Electric Company (MERALCO), to reimburse its customers for overcharging. This was in stark contrast to a recent news article which said, on the other hand, that 36 rural electric cooperatives nationwide, were to bring down their power rates by as much as 25 percent, beginning August 1998, until January 1999 (Batino, 1998). These two news items illustrate how far apart the values of the various sectors could be, although at the same time, it also begs the question as to what the public expects from service providers.

Similar questions, are being asked about the water sector, which has recently been privatized. The winning concessionaires, were asking the government for rate increase, due supposedly to the El Niño. Some people consider the raising of rates during a period when the providers can't even deliver the water as adding insult to injury (Cruz, 1998).

Comparison of Civil Society Involvement in the Provision of Electricity and Water

In the Philippines, only three rich families, the Lopezes of the Manila Electric Company (Meralco), Aboitizes of Davao Light and Power Co., and the Alcantras in Mindanao, own and operate the more profitable power distribution utilities (Pan, 1998). On the other hand, the electrification of rural communities is entrusted to rural electric cooperatives.⁸

There are 119 electric cooperatives nationwide covering 4 million households, serving more than 20 million Filipinos. In the early years of rural electrification, the electric cooperatives organized Barangay Power Associations (BAPAs) to help strengthen member-consumer awareness and involvement in the efforts to achieve financial viability of electric cooperatives through the reduction of system loss and increase in collection efficiency, and fortify institutional consciousness in the grass roots level. The rationale for the BAPAs, also has to do with the fact, that for the past two decades of operation of the rural electric cooperatives, the total membership in the cooperatives has ranged from 6,000 to 91,000. This makes it almost impossible for the cooperatives to personally reach out to their member consumers and involve them in cooperative affairs.

In a way, BAPAs⁹ can be considered like a mini-cooperative within a cooperative. The BAPA is an organization of the electric cooperative's member-consumers residing in a bounded cluster of not less than 30 households within a given barangay or locality with a set of officers for the purposes of managing the distribution of power in their own locality. They are provided with electric power in bulk through a mother meter by their respective electric cooperatives with a preferential rate and they in turn

⁸ A recent study conducted by the Asian Development Bank (ADB) encouraged the consolidation of these small utilities into bigger entities to enable the entry of more qualified participants into the power distribution sector and strengthen the distribution market (Pan, 1998).

⁹ As of 31 December 1997, a total of 6514 BAPAs have been organized, out of which 4623 are operational.

retail them to their respective members. BAPA officers, do not receive salaries for their services, but are entitled to a reasonable per diem that is determined by its general assembly (NEA, 1998).

BAPAs, then, may consider this an “auxiliary” civil society organization, different from an “authentic” organization which is completely de-linked from the state (Cariño, 1995). But in effect, auxiliary organizations like these, or like government set-up non-government organizations (GONGOs), appear like attempts of the state to incorporate civil society process or norms into the service delivery infrastructure.

The water industry’s situation is a different story. A study by David and Innocencio (1996), found that the public sector had failed to provide an efficient and equitable system of supplying household demand for water under the Metropolitan Waterworks and Sewerage System (MWSS). Of the total MWSS service area in Metro Manila, only 69 percent is covered by piped water connection. Water, on the average, is available only for 16 hours a day. An indicator of its inefficiency is seen from its high ratio of non-revenue water (NRW) or water that is not accounted for due to illegal connections, leakage and other causes. Nearly 60 percent of the water produced by the MWSS is considered as NRW.

The alternative systems, which provide for the service area is done through rationing or private water vending, private extraction of ground water sources, and individual tubewells. About 80 percent of industrial establishments rely largely on their own tubewells. As early as 1980, groundwater was reported to have accounted for about 40 per cent of water supply. Some households rely on two or even three sources of water. Nearly 30 per cent of households rely mostly if not fully on vended water for their daily supply. An important corollary finding to this was that 80 percent of the households relying on vended water are actually buying MWSS water indirectly. Most of these are due to illegal connections, and found in most squatter colonies. A significant proportion of non-revenue water therefore, is not actually lost, but is paid for by the final consumers, through a well-organized, informal, and relatively open system of illegal water distribution of MWSS water. Households that are dependent on vended water have low incomes, yet pay for a higher cost of vended water, and at the same time get poorer quality of water. In water pricing, the equity issue and the customers’ willingness to pay are equally important concerns.

The comparison between the electric industry and the water industry illustrates how varied the inter-sectoral dynamics can be. Both cases show how alternative deliv-

ery systems help in the distribution of the needed utilities. The case of the rural electric cooperatives, and use of BAPAs, show how the effective management of civil society organizations and their participation can help make service delivery more efficient. On the other hand, the case of water distribution illustrates how wastage and poor public sector delivery can occur if the existing systems are not properly integrated and would be to the detriment of the poor who are in most need of the services.

Conclusion

The field of service provision is changing and the things that are driving these changes are simply (1) the lack of resources, which may be in the form of human, funding, technical, or logistical resources; and (2) people's desire to serve and make a difference. The foremost problem, for them remains balancing these two norms: of profit (or resources) and achieving social objectives.

What is also evident from all the cases is how these changes encourage service delivery organizations to either be more creative or be more open to alternatives leading to the adoption of norms, processes and values not commonly associated with their kind of organization. As such, the alternative strategies of NGOs are being adopted and developed by government; private corporations also realize the need to be involved in social development and public service, and NGOs and civil society organizations realize they also have to strive to be financially self-sufficient. This reveals how organizations struggle to balance public and private values, equity and accessibility, profits and social objectives.

The last case comparing the integration of alternative delivery systems into the framework or infrastructure of the electric and water industries show why it is important to get communities involved, and the repercussions of poor inter-sectoral coordination. It also strengthens the justification for greater state involvement in the regulation of these services in order to balance private self-interest with the social objectives of the services.

The private sector's strength is in the efficient production of goods and services on a large scale. NGOs and the public sector on the other hand are good at the equitable distribution of service to those who are most in need. So, is it possible to privatize the production of critical services, in order to produce goods and services at the least cost to the community, and at the same time keep the provision and distribution of public services in the hands of the government and civic organizations? This way, the ad-

vantages of all sectors are maximized without their disadvantages. According to economists, the state should subsidize the consumer and not the producer. The state can still decide who should get what service and at what cost, but will not be involved in its actual production and incur huge losses due to inefficiencies as in the case of the Metropolitan Water and Sewerage System (MWSS). Is it possible to do this balancing task? Would the sectors be willing and would the government have the capability to manage this kind of intersectoral cooperation?

5. WHO'S INFLUENCING WHOM?

Chapter four presented various cases that illustrated how the conditions which contribute towards the blurring of boundaries between the public, private and third sectors were influencing the behavior, processes and values of organizations involved in service provision. This chapter, in turn, organizes these changes and integrates this with the discussion in chapters two and three, and adds some other short illustrative cases to augment the argument. It concludes by discussing the policy and research implications of the blurring distinctions between public, private and civil society organizations.

If the interactions among the public, private and third sector were to be analyzed, one can organize them according to how each sector influences the other. With respect to this, the following are the possible ways by which this interaction can be organized:

1. Private sector influence on the public sector
2. Private sector influence on the third sector
3. Public sector influence on the private sector
4. Public sector influence on the third sector
5. Third sector influence on the private sector
6. Third sector influence on the public sector

TABLE 4: Imparted values through inter-sectoral interaction

INTERACTION	CASE	Value or Processes imparted
Private values to Public Organizations	DOH, U.P., Public Enterprises	<i>Marketing, Financial Autonomy, Cost Recovery</i>
Civil Society Values to Public Organizations	Ugnayan ng Pahinungod in U.P. Health –Primary Health Care; tapping of cooperatives (Barangay Power Associations) PBSP funding scheme	<i>value of service to the nation, process of immersion (or exposure to the community)</i> <i>community-mobilization, participatory, empowerment, mainstreaming of “ alternative strategies”</i>
Public Values to Private Organizations	Utilities: MWSS, Meralco Procter & Gamble, San Miguel Corporation and Jollibee participating in the Health campaign	<i>Accountability, Equity, access</i> <i>Public service, commitment to serve</i>
Civil Society Values to Private Organizations	Philippine Business for Social Progress (PBSP)	<i>Serving the poor; social investment</i>
Private Values in Civil Society Organizations	Cooperatives, Community Health Financing, PBSP	<i>Entrepreneurship, financial independence (autonomy), professionalism, Funding, risk management and financial management and strategies; operational efficiency</i>
Public Values in Civil Society Organizations	Cooperatives Rural electric cooperatives	<i>Cooperatives are becoming more bureaucratized, scaling up (as in the case of the coops which have to be large in scale in order to afford to provide basic services as well)</i> <i>Accountability to customers</i>

The cases mentioned in chapter four were tabulated against the possibilities listed above in Table 4. The table also shows the value or processes that have been adopted by the organizations.

This matrix indicates that in the process of “blurring” distinctions between state, market and the third sector, each has influenced the processes, parameters, values and norms by which services are rendered. The table also shows that, contrary to the belief that the private sector values would dominate, all types of organizations are influencing or being influenced to a certain degree. It would not be correct to say that one is dominant over the other, but rather that all are affected not only by the environment but by other service providers as well. The organizations adapt and transform, taking in different values along the way.

Private values

According to Larson (1997), there are four key areas into which public sector managers can learn from the private sector: 1. Marketing; 2. Financial Administration; 3. Risk Management; and 4. Personnel Management. Some of these were seen in a number of cases discussed in the previous chapter.

The case of the DOH, for instance, can be cited as an example of how good marketing skills helped improve service delivery. Processes in financial administration was illustrated by the U.P. case. The raising of revenue independent of normal budgetary allocations provided gives U.P. the needed financial autonomy that helps them become more responsive and less bureaucratic.

Civil society, on the other hand, is also becoming more entrepreneurial as evidenced by the growth in cooperatives. In the delivery of health, community based health financing organizations, such as the Federated Primary Health Care in Surigao have been able to combine the effective delivery of services with sound financing practices, augmented by corollary businesses (DOH, 1996; Alampay, 1997).

However still, when either the public sector, such as U.P. for instance, or civil society organizations, such as NGOs, attempt to become entrepreneurial they tend to be criticized for doing so, even if the more urgent issues pressed upon these organizations are their self-sufficiency and financial sustainability. The adoption of private sector values is therefore the pragmatic way for organizations to survive, amidst a period when there are less resources to go around. PBSP's case on the other hand, show the importance of operational efficiency, forward planning and managing risks. The adoption of or concern for these strategies were made a lot easier by the fact that PBSP's culture has roots that originate from the private sector.

Civil society values

With the closer interaction between the NGOs and government agencies, alternative strategies implemented by NGOs are becoming more mainstream. As these organizations get to interact more, not only in projects, but also in training and seminars, then they also begin to speak a "common language", and adopt the same jargon.

One of the examples of the influence of civil society is reflected in the health sector. NGOs in the Philippines were ahead in utilizing community-based health programs (CBHPs) before the government also adopted its "primary health care (PHC)" approach (Tan, 1993). The PHC, was thus, a mainstreaming of the CBHP approach.

Another case that illustrates the adoption of processes associated with civil society organizations, is found in the electric sector. The use of electric cooperatives and

the organizations of BAPAs, illustrate how ‘auxiliary’ organizations¹⁰ organized by the state, can be complementary to the provision of much needed services. It demonstrates the importance of involving communities in the delivery of their own needs.

The establishment of the PBSP, on the other hand, illustrated civil society’s influence on the private sector. It shows that private corporations also recognize the need to invest in social development, and help address the needs of the poor. This though, may have been more of an exception, rather than a rule. The case of MERALCO indicates how strong the profit motive remains, which also implies the need for state regulation to assure that the issues of access and equity are still met.

Perhaps the most important value civil society organizations have contributed with respect to the provision of services is the need to include the participation of people, organize and empower communities, and understand the clients that social service organizations cater.

Public sector values

It would appear more difficult, but not impossible, to transfer “public” values to the private sector. To guarantee that private organizations subscribe to public norms, the state can regulate critical industries or put into contract conditions by which privatized companies must be bound to keep. The question, however is that outside of these conditions imposed by the government, are there cases where such values are voluntarily being adopted?

Sometimes, the public sector’s influence may be indirect. For example, in South Africa, although there is no legal obligation for the private sector to implement a policy of affirmative action in the recruitment of staff, many leading private companies are doing this voluntarily, or under the expectation of getting government contracts. Similarly, some US private sector organizations announce that they are equal opportunity organizations.

¹⁰ Cariño (1995), differentiates refers to an “auxiliary” civil society organization as an organization organized by the state, different from an “authentic” organization which is completely de-linked from the state. But in effect, auxiliary organization like these, or like government set-up non-government organizations (GONGOs), appear like attempts to incorporate civil society process or norms into the service delivery infrastructure. She concludes that both auxiliaries and authentic have a role to play in the development effort and that these roles are not really as divergent as pre-supposed. She says that whether competing or complementing, collaboration between them must still be forged since both have a common desire to serve the people and in so doing can realize greater effectiveness.

There are also cases when it is possible for private interests to be served while at the same time performing public good. An example of this was the involvement of the private sector in the marketing campaigns of the Department of Health. Although their involvement was far from being purely altruistic, because indirectly it also feeds into their own marketing campaign, the fact of the matter is, it illustrates that private interests and public good can and do mix. It also feeds into the idea of governance requiring the cooperation of all sectors (in order to reduce duplication and wastage).

Often, also, when the private sector goes into “public service” they get mileage from this in terms of good “public relations” (PR). According to Flavier, some communications schools actually define PR as “rationalizing profits” and that the reason businessmen and the private sector also plough some of their resources back to communicate to the public that they are part of the community (Flavier, 1998:179).

The more common trend that puts public values in private organizations is in the area of privatization. One of the main thrusts of the Philippine government is to privatize its public enterprises. This basically pre-supposes that the private sector would be able to provide better services than its public enterprise counterparts. But, as the recent temporary grounding of Philippine Airlines (PAL) (after only a few years in private hands) illustrate, ‘poor’ management recognizes no categories, be it public or private.

The case of PAL brings up a number of issues. One is whether privatized companies would keep to the values expected of public enterprises in terms of accessibility and accountability? At the same time, the case asks the question of how much consumers value the services being provided and how much they are willing to pay for it. “Public” organizations, such as PAL, tend to subsidize its consumers in one form or another (e.g. plying unprofitable routes), thus it would only be fair that the public also be more reflective of how they “value” the services being rendered.

On the other hand, the public sector influences civil society organizations with respect to accountability. For instance, NGOs in the Philippines have drawn a code of ethics for social accountability among themselves with donor agencies and with government (De Guzman and Reforma, 1995: 6). Also, as more and more interaction occurs between NGOs and GOs, an implication has been the development of a common language between NGO and GO (in training for instance) thereby leading to better trust and understanding (Tan and Nierras, 1993:56).

However, not all influences, are beneficial. For instance, civil society organizations such as NGOs also tend to become more bureaucratic as they scale-up. Some caution that this trend, could reduce the flexibility commonly associated with the sector (Cariño, 1995, Farrington and Bebbington, 1993).

Analysis

Complements...

The most common justification for greater interaction between the different organizations is for greater effectiveness, responsiveness and efficiency. Another reason for collaboration is that these organizations have a common desire to serve. Whether they are authentic NGOs, or NGOs set-up by the state, all these organizations have a role in development.

There are other justifications for greater interaction, aside from the noble goals of development. The interaction between the different sectors could also be complementary in other ways. For instance, when the private sector helps the public sector like the DOH, its investment in this relationship yields good public relations, or, as in the case of NGOs, they may be interested in working with government in order to achieve better program and financial stability and sustainability. But foremost, working together could also help strengthen or help achieve the goals or values inherent in the public interest sector, like, accountability. This was exhibited for instance in a case of environmental management in Negros. The provincial government established the *Task Force Ilahas* (TFI). The TFI disproved the notion that government agencies, people from the leftist movement, and private citizens can never unite for a single cause. Today, these three “factions” are working hand-in-hand to save the environment.

Even without co-production however, the existence of multiple providers from different sectors also help organizations become alert and more accountable. There is increased accountability because public and CS organizations deliver services according to wider values aside from the profit motive. As such, clients would also begin to measure private organizations according to the standards by which they assess public and CS organizations. Eventually, regardless of the organization’s origins, their accountability could all be measured using a common standard of performance guided by a combination of norms and values contributed by public, private and civil society philosophies.

...and Hybrids

Some organizations, also, do not evolve out of the interactions they have with other organizations, but rather, their culture is formed or shaped by their origins (who created them and for what purpose). Such is the case for rural electric cooperatives, government set-up NGOs, the PBSP or the Ugnayan ng Pahinungód.

Taking the PBSP or the Ugnayan ng Pahinungód, for instance, what kinds of organizations are they? What are their influences? Both organizations can be considered “hybrid” organizations with characteristics falling between two sectors. Pahinungód borders between a voluntary organization and a government agency. PBSP on the other hand behaves like a business organization and a voluntary organization. While PBSP’s establishment was to give the business sector social values, its evolution, in turn shows a social development organization adapting more managerial or business-like attributes.

Conclusion

Organizations, from the different sectors bring with them different values. Just like anything of “value”, these things are intended for “good” purposes. The problem, however, is that often, people or managers from different sectors do not appreciate the aspects other sectors value because it affects the primary purpose or goals of their own organization. In other words, values sometimes clash out of misunderstanding between two sectors.

Most of the cases presented in this paper illustrate how values ‘clash’, but at the same time show that despite the difficulty of balancing such public norms as equity and accessibility with private norms as profit and flexibility, it is still possible.

The blurring of the three sectors has affected various organizations differently. Because the environment in which organizations operate in, as well as the type of service they provide are not exactly the same, the behavior of these organizations would not necessarily be similar. What these cases indicate are the various strategies of organizations in integrating these diverse values together. Some organizations, for instance, on their own are successful, becoming ‘hybrids’ of two or even three sectors. Some on the other hand resort to establishing networks, linkages or closer ties with organizations from another organization. Whatever the case may be, in rendering the services they are tasked to perform, the norms, values and processes of all these actors are merging.

While the study poses some questions as to how organizations should balance between private motives and public objectives, the same question must also be asked of the public clientele whom these organizations serve. For instance, the public praises the private sector when it involves itself in public service, and yet at the same time is more critical of government services that try to be entrepreneurial. They also admire private companies with huge profits, seeing it as an evidence of their efficiency (and not their monopoly), but at the same time do not appreciate public enterprises which does the same. It is evidently difficult for people to change their images of stereotypes.

People must therefore also reflect on whether it is better for private organizations to become more public than it is for public organizations to behave more private. Should customers then not hold public, private and civil society organizations under the same kind of standard, considering that they are performing the same service? Hopefully, as organizations evolve, this double standard would be shattered, and a more objective way of assessing public interest organizations can be achieved in the future using the norms, processes and values inherited from the different sectors.

6. ORGANIZATIONS IN EVOLUTION

The governance perspective can develop in an evolutionary way to capture the process of adaptation, learning and experiment that are characteristic of governance.
(Stoker, 1998:26)

The changing boundaries

The term evolution implies a transformation through a sequence of stages. It is based on the premise that natural selection is the chief mechanism for causing life to evolve. Accordingly, natural selection says that inherited variability exists in all species and the best-adapted variants tend to leave more offspring so that through time there is gradual change. Evolution then is not directed by the process that create the inherited variability, but rather by how that variability is shaped or pruned through time by natural selection. Furthermore, another source of variation may be through mutations and genetic recombination¹¹. This can create nearly an infinite number of organisms by shuffling the huge amount of genetic differences between the DNA of any two parents (McHenry, 1991:377-380).

In understanding the blurring of the boundaries between service organizations,

¹¹ Genetic recombination is the formation of different combinations of genetic factors that occur during the sexual cycle from the formation of the sex cells to fertilization.

one can follow a similar explanation. As the previous chapters have illustrated, the role of providing certain basic and crucial services to society is no longer the responsibility of either the state or the market. Either of them or civil society organizations or a combination thereof provides society with a diversity of alternatives for service delivery. The combination, interaction and competition between these alternatives in turn create variations in form and structure, where those that are best adapted to the context and situation are most successful.

The second chapter showed the factors that have contributed to the blurring of the boundaries between the public, the private, and the civil society sectors. This is especially true with respect to organizations involved in service delivery, or services that weigh heavily on “public interest”. Privatization, the push for more open markets, structural adjustment, and the growth of civil society in the form of non-government organizations, cooperatives and people’s organizations have expanded the possibilities of how basic services could be accessed by society. Although different actors participate in the provision of services, the nature of the services still precludes a meaning of “publicness” in all of them. Thus, the challenge for these organizations is how to balance its economic and political (or social) objectives.

However, because the context is never exactly the same, there is no one pattern or system that applies for all countries or situations. Certainly the economic behavior of public interest and commercial providers of social services and moreover the economic and political culture they are located in would be different.

The changes in state, market, and civil society relations and the organizational changes in public interest and commercial providers were highlighted in the empirical material in chapters three and four. In the Philippines, the global economic and political trends converged with the socio-political events that culminated in the “People Power Revolution” in 1986. After 1986, the country underwent structural adjustment, pushed for the privatization of public enterprises and passed the Local Government Code that devolved many social services. These then encouraged the closer linkage between the state, market and civil society. Among the sectors that have been affected most by these changes are education, provision of utilities, health and credit.

There are two things which the blurring of the boundaries highlight. First, is the need to recognize that service organizations as seen a decade or two ago are already far removed to how they are now --- or in a way they have already evolved. Second, there is a need to redraw the boundaries, if not create a new subsystem that captures the dy-

namics, and characteristics of organizations that operate in the field of public service delivery.

Adaptation and redefinition of boundaries

The usefulness of boundaries to define systems is if it can accurately predict and define the behavior of members of that system. Boundaries separate what is directly relevant for a particular purpose from what is not of direct relevance or interest. Should the purpose change, the system boundary needs to be redrawn. (Blackmore and Ison, 1998: 41). Connected to this is the idea of “paradigm shifts” forwarded by Thomas Kuhn. According to Kuhn (1962), major scientific revolutions occur when someone is able to view a problem differently by developing a new paradigm by which to explain the phenomena. The failure of existing boundaries to explain the phenomena of how service providers currently behave may therefore also call for new paradigms to help explain the changes being observed.

As it is social organizations are too complex to model accurately. Many factors from the environment (social, economic and political aside from the physical environment) affect organizations constantly. Their state of equilibrium would always be in flux, as it must always react to the feedback from other organizations and the environment. There is therefore no ‘ideal’ end-state of organization, though there may be ‘ideal’ characteristics. Just as in biological adaptation, this means not merely the capacity to survive, nor merely to survive in the immediate present. It also covers the adaptation to change; and when change is rapid and drastic (as it can be in the psychosocial sector), adaptation to change and to the direction of change may become of overriding importance (Huxley, 1958:452). The most that could be concluded is that the ideal organization should be one that could be most adaptable and flexible in coping with rapid change.

As evolution goes, there is no guarantee of the kind of organization that would be left standing in the end, but the environment (which can be regulated or influenced by the state) would have a lot to do with this. It is impossible to make a generalization applicable to all circumstances because of the diversity in contexts. But regardless of context, it has been shown that organizations are influencing each other and being influenced in return.

Although the cases have shown that gradually and to some extent, each sector influences the other, most of the norms that have predominated are that of the market.

But this trend may also have to do with the weakening of the state as with the still comparatively limited capacity of civil society. Not everything can be left to ‘evolution’ and the survival philosophy. Which organization in the end would survive, and which norms, processes or values will be retained cannot be predicted. For one thing, the survival philosophy may justify ruthless business rivalry, unprincipled politics and even corruption. Besides, ‘there is nothing in nature or a naturalistic philosophy of life to make impossible the acceptance of moral sanctions that can be employed for the common good’ (Hofstadler, 1944:201-204).

Unlike in the natural environment states can still control how and under what standards services must be rendered. This is where good public policy remains indispensable. Since it is no guarantee that the “values” shaping organizations involved in the public interest sector would in the end really stand for the best interest of the public, the need for state regulation remains. Good public policies help shape the discourse of what is expected of service providers. How many private companies for instance, would inherently subscribe to environmental standards if not for public laws that require them to do so? This calls for greater vigilance on the part of civil society organizations, in order to counter-balance an already growing bias towards free-market values to assure that social equity concerns are maintained even if the state is ‘weakened’. It implies the need to strengthen all three actors, more so civil society and the public sector in this case, so that the synergy of values are more even because each sector can provide something valuable to service provision. There is a need to discover what values that these organizations share from which to build upon ways of working together.

While the case of the Philippines has shown how state, market and civil society can harmoniously work together, the same trend can not be generalized for all cases. The result has a lot to do with the socio-political context of the situation. What socio-political milieu would then lead to “closer” state-market-civil society ties? What conditions provide results that favor public values over private values or vice-versa? This highlights the need for comparative research between societies which may be experiencing similar cases of transition that in turn are redefining the relationship between states and societies.

Universal generalizations would be difficult because of the varying influences of the environment and social context for different societies. Still, it can be concluded that the values that would shape the issues of service provision would reflect the com-

parative ability of the state, market and civil society to influence how services are measured and valued.

As better coordination and ties between the state, market and civil society are developed, trust between the organizations could also be refined, thereby reducing the need for a large bureaucracy to regulate how services are provided. The trust between organizations would help in achieving the effectiveness and efficiency desired amidst a period when there is growing scarcity in resources and an increasing demand from the population.

Hopefully with the improved understanding and appreciation of values among the sectors can lead to a framework of public service that can be appreciated and is applicable to all organizations whether they are public, private or non-profit. The existence of options and alternatives from various fronts can provide a pluralism of ideas that can, with time, germinate into a solution for the needs of a growing population.

When cultures and values clash

When the values of two cultures or organizations come together it leads to either one of the following: (1) contradicting or opposite values that challenge one another, or (2) a common standard or “value” achieved through mutual cooperation and trust. The first case demonstrates the concept of survival. While the second one illustrates the creation of ‘hybrid cultures’ resulting from the inter-mingling of organizations.

Understanding and appreciating values is however easier said than done, especially because state, markets and civil society have historically never seen eye to eye.

Mackintosh says that, “*a key determinant of social policy outcomes is the economic behavior of public interest and commercial providers of social services. This behavior... can be understood as being evolutionary and strongly conditioned by economic and political culture (Mackintosh: 1995:26)*” The development of change promoting cultural systems is therefore an increasingly adaptive and progressive evolutionary trend. The promotion of change need not imply the abandonment of the ideal of stability, but implies the replacement of a static concept of stability with a dynamic one. Cultural evolution, i.e. evolution in the psycho-social phase, can be seen as an extension of biological evolution, but with its own peculiarities or methods and results. Its ‘progress’ and ‘advance’ can be profitably redefined as processes leading to the greater realization of desirable possibilities (Huxley, 1958: 441-444).

From the evolutionary point of view, the most important characteristic of a culture concerns cultural stability (self-reproduction) and cultural change (self-transformation). Broadly speaking, cultures can be classified into two main types those which promote stability and resist change, and those which encourage or at least permit change. In the case of boundary organizations, it would appear that the culture of the organizations should be of the latter.

Organizational change

How the social and economic behavior of the providers has changed is reflected in the empirical cases mentioned in chapter four, which illustrates how the dynamics of a changing environment as a result of devolution, or structural adjustment and closer interaction leads to new processes, strategies and alternatives. The cases show that in bringing together all these organizations, it is inevitable that some of the values would not be compatible. With this, organizations cope differently. Some achieve balance through reforms, restructuring or re-engineering of processes. Others combine the strengths of two or all the sectors. There are also those who do not attempt to change within, but rather work with organizations from other sectors in order to take advantage of the strengths that each brings into the partnership.

Because organizations themselves also have their own culture, we could refer back to Huxley who argues that cultural adaptation, like biological adaptation, will always involve a compromise between many conflicting or competing advantages. The most desirable type of compromise must be determined in relation to local circumstances. Like long-term biological adaptation, it will tend in the long-run to produce organized pattern systems of greater integration and better equilibration (1958:452-453).

The trend towards the blurring of boundaries then has implications for how organizations are managed. It points towards the need for continuous documentation of such attempts at synergy and more importantly the impact of such attempts. For example, in the DOH/health sector, case what are the results of this synergy in terms of improvements in the bottom line--- that is the quality of service, quality of life, and the organization of health services?

More directly, the phenomenon also raises the need for researchers to look at the process of organization change. As the boundaries blur and the values from one sector are integrated into another - how is change affected?

The different ways with which organizations cope with the social, economic and political change has added to the diversity of alternatives. Alternative strategies exist because the state, market and civil society have not found an encompassing solution to the needs of the population. All had pursued their own separate strategies, only to fall short. Now, the three sectors have been more open to considering the merits of each other's ways. Whether it is in competition or collaboration, they serve to complement the goal of delivering basic services.

Understanding how and why organizations influence each other is important since it helps policy makers determine how to coordinate their efforts, maximize society's resources and determine the values, norms and processes that would be most beneficial to society.

The boundary organizations

It is because of these new variations and mixes that the way we understand organizations to behave and the way we categorize them has changed. As it is, in social systems it is already recognized that it is difficult to define system boundaries because of the continuous inflow and outflow of energy through these boundaries (Huse and Bowditch, 1977: 46-48). The rapidly changing nature of the challenges of development management means that there is a conscious need to keep boundaries open as many factors relating to projects and policies will change over time (Blackmore and Ison, 1998:61).

We may then describe 'boundary organizations' as organizations existing in an environment of great change. The vague distinctions among them indicates that as important as recognizing the differences is knowing what is common and brings them closer to each other. It also leads to the need to classify and redefine the boundaries of these organizations being studied, and what traits would be essential in the effective functioning of these kinds of organizations.

For instance, it is very important that boundary organizations are *responsive and adaptive* to changes, and innovative in their approaches – innovation in turn may mean being able to “think outside of the box” – or being able to use different paradigms. This also implies the need for *flexibility*, having the proper knowledge and awareness of the environment, and sound strategic management and policy analysis. Also critical would be the *leadership* of organizations involved. Boundary organizations call for leaders who are open to change and considerate of alternative views and

strategies. This was seen in how, then Secretary of Health Flavier, was open to working with, and adopting strategies of the private sector and the NGOs in areas such as marketing and actual field delivery.

Furthermore, the norms of *efficiency*, *effectiveness* and *responsiveness* must still be considered as standards by which the provision of basic services are measured. This is because of the scarcity of resources and the competitive nature of the environment as a result of globalization and the existence of various organizations from different sectors that offer their services. Technology and how organizations adopt, respond to and adapt to them will also have an important role.

As Blackmore and Ison say ‘many boundaries are those of our own making, and they affect the way we think and behave’ (1998:46). Perhaps it is bound to happen that eventually new boundaries have to be made that can alter the paradigm of how to best provide for society. Most likely, there will be different forms or organization for every type of service and for every social context. Referred to simply as ‘public’ organizations, they will exhibit a balance of norms and values that each sector is admired for with characteristics that will not necessarily be according to how we normally categorize these organizations to be.

Implications

A question that arises from this research is how to distinguish between the sectors where uniformity is desirable and those where variety is desirable. This goes hand in hand with the debate of balancing redundancy with synergy. While it is in the spirit of evolutionary theory that redundancy fosters healthy competition, this should also be put into context. Competition is good if resources are plenty. If choices exist between the state, market and civil society, people can decide what kind of service they prefer, and what values contingent to these services that they demand. But what if resources are scarce? What is the point of giving others choices when there are people who don’t even get any?

Similarly, the possibility of synergy must take into consideration the social context where the state, market and civil society actors are located. The difference in context then begs for comparative analysis. It highlights the importance of having comparative studies of societies undergoing social, economic or political transformations that result in the redefinition of the relationships among states and societies. One can give the example of comparing the Philippines after the EDSA revolution with

South Africa after the lifting of apartheid. What context/factors then will allow synergy between the three sectors more fully in this part? Or what are the current barriers to synergy?

Furthermore, there are three other main areas in which this research has implications: education, organization management and research.

Education - The trend is that education appears to be heading towards the recognition of the importance of all three types of organizations. For example the field of Industrial/Organizational Psychology in the past had focused only on the “T” part but the addition of the “O” part is in some part cognizant that it is not only business/private organizations that are of importance. Another example is the emergence of MSA programs (Masters in Science of Administration) which seeks a more generic approach to managing not just business organizations but the other two types as well. In U.P.’s College of Public Administration for instance, they have also started a course on Volunteer Sector Management. However, there is probably still a need for more integration in curriculum of these types of synergy/management approaches.

Organization Management - the blurring of boundaries has implications on how organizations are managed. For example, the field of Organization Development espouses the importance of values such as empowerment and participation. The question is how can these be applied to the various types of organizations? While empowerment and participation is more often associated with NGOs, the idea of Quality Circles¹², commonly used in big industrial firms, would also illustrate this.

In addition, much of the investment on organization management/human resource management has mostly been in the private sector. There may be a need to support Government Organizations and Non-government organizations in this aspect as well.

Organization Research - The idea of changing paradigms, shifts, etc. is also significant with respect to research on organizational change. How for instance can it be ensured that the contact between more developed and less developed organizations (or sectors) should have the maximum desirable effects and especially the minimum of undesirable ones? How can desirable elements of one organization’s culture penetrate into another organization without destroying what is good and desirable in the recipient

¹² Quality Circles are formed by a group of workers or employees who then give ways or suggestions of how to improve the process or how to save money for the firm.

organization's culture? Truly desirable change can never be wholly imposed from the outside and must essentially be a self-generating process.

Going back to Figure 1 (see page 3), it has been shown that public, private and civil society actors in the area of interest are beginning to share common characteristics and values different from what they were previously perceived to have. The public sector, for instance, can be just as skilled in marketing its programs as the private sector, as the DOH example has shown. Private organizations can exhibit altruistic tendencies, as the creation of the PBSP and the involvement of multinational corporations in the health campaign has illustrated. In this changed environment, there are increasing similarities among the organizations. But regardless of the shape by which their similarities lead to, the accountability of the service providers to the people must be assured, and in this the state, through policies and regulations, and civil society organizations, through vigilant monitoring, would play a critical part.

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LIST OF ABBREVIATIONS

BAPA	Barangay Power Association
CBHP	Community-Based Health Program
DOH	Department of Health
EDSA	Epifanio de los Santos Avenue
GNP	Gross National Product
GO	Government Organization
GONGO	Government NGO
GRO	Grassroots Organization
GSE	Government sponsored enterprise
IMF	International monetary fund
LGU	Local Government Unit
MERALCO	Manila Electric Company
MOE	Multi-organizational enterprise
MTDP	Medium Term Development Plan
MWSS	Manila Waterworks and Sewerage System
NGO	Non-governmental organization
NID	National Immunization Day
NPM	New Public Management
NSE	Non-stock entity
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PAL	Philippine Airlines
PBSP	Philippine Business for Social Progress
PHC	Primary Health Care
PO	People's Organization
PVO	Philippine Voluntary Organization
REC	Rural Electric Cooperative
SEC	Securities and Exchange Commission
STFAP	Socialized Tuition Fee and Assistance Program
TFI	Task Force Ilahas
UP	University of the Philippines