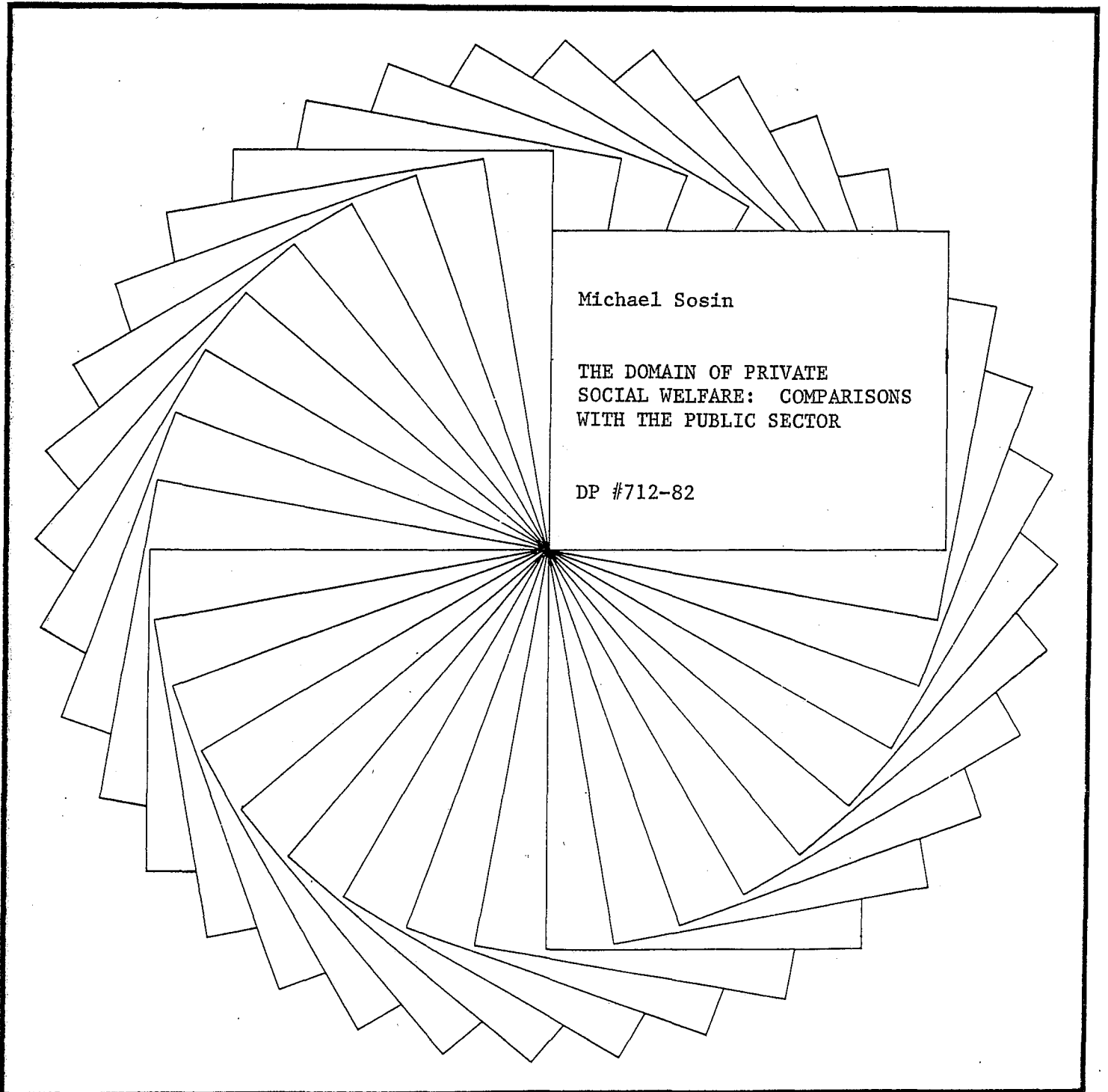




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Discussion Papers



Michael Sosin

THE DOMAIN OF PRIVATE
SOCIAL WELFARE: COMPARISONS
WITH THE PUBLIC SECTOR

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The Domain of Private Social Welfare:

Comparisons with the Public Sector

Michael Sosin
School of Social Work, and
Institute for Research on Poverty
University of Wisconsin-Madison

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ABSTRACT

This paper uses data concerning 675 social service agencies to test theories concerning the domain of the private social welfare sector as it relates to the domain of the public sector. The data support the argument that there are many similarities in the domains and that public funding of private agencies encourages further similarities. But there are important exceptions to this pattern. Most notably, there is a clear-cut division of labor in the provision of long-term financial support and the coverage of some social control problems. And when private agencies receive public funds, they are particularly unlikely to emphasize financial support. Implications of the results for an understanding of the role of private agencies in the social welfare system are tentatively presented.

The Domain of Private Social Welfare:
Comparisons with the Public Sector

Private social welfare agencies in the United States dispense a large quantity of social services, and researchers have recently begun to examine their contribution.¹ A common focus is the domain of the private sector--that is, the social problems or issues covered, services rendered, and client population served.² Generally it is assumed that the domain of the private sector reacts to the activities of government,³ so that private agencies continually alter their service network to avoid overlaps with the growing public sector.⁴

The most complete theoretical formulation of this point of view is provided by Grønbjerg.⁵ She argues that the role of private agencies must be understood as a reaction to the role of government in the contemporary political context. The United States has witnessed the growth of a "mass society," which involves an expansion of political rights and a growing sense of the equality of all citizens. A result is that the public sector is expected to guarantee the economic survival of all citizens. Public agencies thus have come to provide for "basic needs" such as income maintenance, and they dispense tangible, material social services that relate to basic needs. Grønbjerg also argues that the belief in equality leads to a "universalism" in the provision of services in the public sector, as clients are not selected on ascriptive characteristics.

Grønbjerg claims that private agencies once also focused on basic needs but that they have been forced to differentiate themselves from these new public responsibilities. To convince the public that they play a useful role, private agencies have come to focus on supplementary, "quality of life" problems such as those demanding family counseling.

They also have attempted to demonstrate their efficacy by turning to professional services. Finally, while the trend is toward universalism, private agencies have retained some of their traditional propensity to select clients on such "particularistic" criteria as race, religion, and age.

But very different arguments are implied by organizational theorists. Many talk of common processes that affect all organizations and that might reasonably be expected to reduce differences between the two sectors. Thus, one theory suggests that the availability of resources affects the services agencies deliver, and another points out that organizations usually ensure that they receive sufficient resources for survival by meeting community demands for a specific domain.⁶ Because public and private agencies are faced with a similar set of local cultural beliefs and community resources, the theories imply that the problems, services, and clients dealt with in each sector might be more similar than Grønberg believes.

These diverse hypotheses reflect varying higher-level explanations of the role of private agencies. In stressing differences between the sectors, Grønberg states that private agencies are a counterforce to the uniformity of culture in a mass society. They deal with life-style issues of particular subgroups of the population and thus reinforce differences between subgroups. On the other hand, the alternate view seems to imply that both public and private agencies must respond to the demands from a range of interest groups in the society. The perspective implies that modern culture is not necessarily homogenous, but that both public and private organizations play similar roles in meeting cross-

cutting pressures. The private sector is not seen as particularly attuned to the demands of subgroups.

Unfortunately, the alternate viewpoints have not been adequately addressed by empirical studies. There are some historical works that point out shifts in emphasis in the activities of the two sectors, but these works generally fail to detail the contemporary division of labor in precise terms.⁷ Studies of the current structure of the private sector tend to focus on one topic (such as contracting) and on a small range of agencies.⁸ These studies do not analyze the entire domain of private agencies in communities in the United States.⁹

This paper presents some tentative information that might help to test the alternative views of the private sector. It relies on a cross-sectional examination of the domains of public and private agencies to test some hypotheses that are implied by the arguments. In particular, it tests Grønberg's hypotheses that private agencies (1) have considerably different domains from public agencies; (2) stress quality-of-life problems and professional services as opposed to basic needs and tangible services, which are stressed more by public agencies; and (3) are more particularistic than the public agencies. In assessing these hypotheses, the alternative view, stressing similarities in the domains of agencies in the two sectors, is kept in mind. After assessing the hypotheses, the implications of the results for an understanding of the roles of the private sector are discussed.

DATA AND METHODS

The data in this paper are part of a preliminary study concerning the nature of the local social welfare network in six counties. Each county

was randomly selected from a stratified sample used in other, related research.¹⁰ Counties ranged in population from 100,000 to 500,000 inhabitants.

For each county, the main source of data was the local social service directory. The domain of each agency, both public and private, was coded from the directories. Items included and social problems, services, and client groups in the domain. Data were collected for 570 private and 105 public agencies. Agencies not normally defined as involving social welfare services, including hospitals, schools, and legal aid clinics, were excluded.¹¹

Variables

In order to compare the domains of private and public agencies it is necessary to develop lists of the relevant characteristics. From an analysis of the data, lists of twenty-four types of problems and nineteen types of services were developed (these will be indicated in the data analysis section) and used to code agency data. The nature of the population was also coded, focusing on whether an agency claimed to specialize on a particular age group, ethnic group, religion, sex, or on those below a particular income.

It might be noted that some items in the list of problems, in particular, might be phrased a bit awkwardly. For example, when agencies provide day care, the only apparent problem is the "need for day care." It is not possible to phrase the problem more specifically, since one cannot judge whether day care is used to solve a work-related problem for parents, to promote preschool education for children, or to meet other

needs. Awkward wording notwithstanding, the lists seem to help indicate the general areas of concentration in social service agencies.

Data Limits

The directories were unusually comprehensive and included apparently complete information concerning all of the relevant variables.¹² Yet, there are clearly some limits to this source of data. One is that there may be differences in the inclusiveness of the directories in the various counties. However, because most of the data analysis in this paper compares public and private agencies, it is likely that the exclusions are similar in public and private agencies in each directory and thus tend to balance themselves out.

In using this data, care must be taken to avoid certain interpretations. In particular, agencies tend to report multiple problems, services, and clients without specifically matching them up. Thus, an agency might deal with both runaways and dependent and neglected youth and might report a reliance on both counseling services and placement in a treatment institution. But the directory will not state which youth are dealt with by each program, or if there is some overlap. The implication for research is that care must be exercised in interpreting relations between client groups, problems, and services.

A final problem is that the data include only the "claimed" domain of agencies--the problems, services, and populations with which they claim to be involved.¹³ Informal patterns that might limit the actual domain are not available. The adequacy of the provided services as a whole or selectivity within a claimed domain cannot be evaluated from these data.

Nevertheless, the directories appear to be quite complete and include a good deal of useful information that is directly applicable to the research questions. The limits simply are reminders to avoid overinterpretations of the results or statistical techniques that cut the analysis too finely.

Plan of Analysis

The analysis must determine the domains of private agencies, particularly as they relate to the responsibilities of public agencies. This task is slightly complicated by the fact that private agencies are normally smaller than public agencies and thus tend to have smaller domains, so that simple comparison of the percentage of each type of agency with a given domain might uncover differences that are due to size. However, one should not completely overlook the variation in the percentages.

Therefore, in comparing the social problems and services of private and public agencies, two types of analyses are used. To determine specific differences, the relative ranks of a list of problems and services in private agencies are calculated and compared to ranks of the same items in the public agencies. Large differences between the two sectors in the ranks of each item are noted, using as a cut-off a difference in ranks of at least five. Still using ranks, rank order correlations comparing the stress placed on problems and services in the two sectors are calculated. The correlations determine whether public and private agencies generally focus on the same, or different domains; a positive correlation implies overlap in the emphasis in each type of agency, while a negative correlation indicates the differentiation implied by Grønberg.

The second step is to compare the frequency of each item in the domain of private agencies to its frequency in public agencies. Along with the specific differences in ranks, comparisons of frequencies determine specific differences in domains.

In comparing the client population, ranks are not useful due to the lack of a sizeable list of comparable items. Rather, the analysis focuses on the frequencies with which each client group is included in the private as opposed to the public domain.

Comparing frequencies. Statistical tests are needed to compare the frequency with which any aspect of the domain is more common in one sector than the other. The independent variables are simple comparisons of the two groups (public and private agencies), and the dependent variables are frequencies--for example, the percentage of private compared to public agencies that deal with health problems. Two statistical techniques are appropriate. The most common one is the chi-square method. In this case the chi-square technique assumes that both dependent and independent variables are composed of two nominal categories. It determines if there are any relations between the two sets of categories. Just as appropriate is the use of t-test comparisons. Statisticians believe that when the sample is large enough, frequencies can be treated as continuous variables and compared by computing a t-score.¹⁴ The t-score has an advantage in reporting the results in a table, because it directly makes use of frequencies.

In all tables in this paper, differences in frequencies are compared on the basis of t-tests. The tests rely on the pooled estimate of variance, the .05 level of significance, and a two-tailed test. To be sure, because there are some hypotheses, the two-tailed test is quite conservative. But the conservative bias compensates for the possibility

that the directories are a bit uneven in coverage, and it thus increases confidence in the results.

It should be noted that to be sure of the results, the relevant chi-square scores were also computed. These scores yield virtually identical results to those obtained by t-tests. The only difference is that the t-test results yield some statistically significant differences in the ages of the population served by the public as compared to the private sector, while the chi-square test yields a level of statistical significance minutely above the .05 cut-off.

PROBLEMS COVERED

The first hypothesis is that private agencies differentiate the problems they cover from those covered by public agencies. To test this hypothesis, Table 1 ranks the list of problems for both private and public agencies, and compares the frequencies.

One way of testing the hypothesis is to compare the ranks of the problems covered by agencies in each sector. Using the cut-off of a difference in ranks of five, four problems are ranked higher in private than in public agencies. Health and the need for day care rank second and third among private agencies, but tie for ninth among public agencies. Mental health and emergency financial problems, ranking seventh and tied for eighth among private agencies, tie for eighteenth in rank among public agencies.

Five problems are ranked much lower in private agencies. Unemployment ranks eleventh among private agencies but first among public agencies; continuing (long-term) financial problems ranks fourteenth, compared to second; dependency and neglect ranks sixteenth, compared to a

Table 1

Comparison of Problems Covered in Private and Public Social Welfare Agencies, by Rank and Frequency

Problem	Private Agency (N = 570)		Public Agency (N = 105)	
	Rank	Frequency	Rank	Frequency
Individual & family life	1	25.8%	3	11.4%*
Health	2	17.2	9.5	6.7*
Need for day care	3	15.8	9.5	6.7*
Physical handicap	4	9.8	5	10.5
Aging	5	9.1	7.5	7.6
Developmental disability	6	8.4	6	8.6
Mental health	7	7.9	18.5	2.9
Financial emergency	8.5	7.4	18.5	2.9
Alcoholism	8.5	7.2	13	4.8
Nonfinancial emergency	10	6.7	13	4.8
Unemployment	11	6.0	1	30.5*
Homelessness	12.5	3.9	11	5.7
Need for family planning	12.5	3.9	13	4.8
Continued financial need	14	3.3	2	25.7*
Drug abuse	15	2.6	16	3.8
Dependency and neglect	16	2.5	7.5	7.6*
Criminal justice	17	2.3	4	12.4*
Need for transportation	18	1.9	22	1.0
Natural disaster	19	1.8	22	1.0
Discrimination	20	.9	18.5	2.9
Protection and care	21	.5	15	4.7*
School problem	22	.4	18.5	2.9*
Consumer complaint	23	.2	22	1.0
Landlord-tenant problem	24	.1	24	0

$r(s) = .54$ * $p < .05$ (comparing frequencies)

Ranks are averaged in the case of ties.

tie for seventh; criminal justice ranks seventeenth, compared to fourth; and protection and care ranks twenty-first, compared to fifteenth.

Nevertheless, on closer examination similarities are apparent; with the exceptions noted above, problems ranked on the top or bottom of each list tend to be similar. For example, items ranking eighteenth to twenty fourth among private agencies rank fifteenth to twenty fourth among public agencies. Indeed, there is a moderate, statistically significant positive rank order correlation between the two sets of ranks of .54. This indicates that the ranks of problems in private and public agencies exhibit similarity to a statistically significant degree.

Similar patterns are apparent when frequencies are compared. Nine large differences in ranks exist, and only nine of the twenty-four problems are dealt with by a statistically significant difference in frequency by private, as compared to public agencies. Private agencies are less likely to be involved in continuing financial problems, unemployment, neglect and dependency, protection and care, crime, and school problems (this last problem is so seldom specifically mentioned by any agency that it is best not to stress the relation too much). Private agencies are more likely than public agencies to be involved in individual and family-life problems, health problems, and the need for day care.

Interpretation

Grønberg hypothesizes that private agencies differentiate themselves from public agencies and focus on distinct social problems, whereas the alternate hypothesis states that similar demands on the two sectors (from the community as a whole) lead to a similarity in the problem domain. According to the data, there is some amount of distinction between the

two domains, but the general picture supports similarities somewhat more than it supports differences. Thus, there is a statistically significant positive rank order correlation between the social problems covered by each type of agency (a negative correlation would imply differentiation), and according to both frequencies and ranks, only a minority of the problems are dealt with to a greatly different degree by agencies in each sector.

Nevertheless, the rank order correlation is only moderate, and there are some specific differences in focus. Grónbjerg claims that private agencies tend to shy away from issues involving basic needs and to specialize in quality-of-life issues; to some extent this seems to be the case. Certainly, some of the problems less heavily stressed by private agencies according to both frequencies and ranks seem to deal with basic, life-threatening problems. These include continuing financial needs, neglect and dependency, and the need for protection and care.

But, some differences are unexpected. According to both types of tests private agencies are less likely to deal with unemployment issues than public agencies, and this is not directly predicted by Grónbjerg. Since unemployment can indirectly lead to financial problems, one might possibly claim that it is fairly closely tied to a basic need. But unemployment services are designed more to avoid the need to receive governmental support than to directly provide support; a governmental strategy designed to promote work, not just an effort to provide for basic needs, is in evidence. In other words, private agencies seem to shy away from this one problem that appears to be linked to the social control issue of encouraging employment.

Criminal justice is also stressed less in private agencies by both types of measures, and it has a weak relation to meeting basic needs. To be sure, some might claim that criminal justice services indirectly protect basic needs of society as a whole by dealing with those who may be considered likely to commit further crimes. But this logic implies that a long list of problems should be public responsibilities, including drug problems, alcoholism, and so forth, yet these problems are not less common in the private sector than in the public sector.

Perhaps concentration in criminal matters involves a set of responsibilities Grønberg overlooks. Like unemployment matters, criminal justice matters directly deal with social control. In this case, it is the control of those who violate public laws. Thus, private agencies may shy away from some social control issues related to law as well as those involving basic needs. But not all law-related issues deal with social control, and it is possible to call almost any problem a social control issue; one cannot generalize with any degree of certainty. Perhaps only a historical explanation that focuses on traditional work and order demands placed on the public sector in the United States provides a reasonable explanation as to why social control issues such as criminal justice and unemployment are seldom private responsibilities.

Similar complications arise in looking at problems in which the private sector dominates. Three areas stressed more by the private sector according to frequencies--health, individual and family life, and the need for day care--seem to fit the quality-of-life description (two also differ in ranks). One can argue that mental health problems, which rank much higher in private compared to public organizations, also fit the description. Indeed, Grønberg's specifically mentions quite similar

areas of concentration in the private sector, although she considers education in general, and not the social service equivalent of day care.

However, it is easy to disagree with the quality of life interpretation. For example, health-related issues may be very closely tied to basic needs, as private organizations deal with serious illnesses such as cancer or heart disease. Further, the explanation only works selectively, as other quality-of-life problems, such as problems of aging, are not more likely to be provided by the private sector. Finally, not all differences fit the quality-of-life description; according to the ranks, private agencies are more frequently involved in emergency financial problems, which clearly involve meeting basic needs. (In this case, however, it is clear that the public contribution is larger in dollar terms.¹⁵)

While an explanation is tentative, a second argument (that bears some relation to the alternate hypothesis focus on resources) seems more likely. Perhaps the ability to mobilize financial support plays a strong role. The areas that are stressed more by the private sector are those for which private donations might be more readily available. Health problems, individual and family life problems (such as marital problems), mental health problems, and even the need for day care can affect a large segment of the population. Perhaps support is easy to obtain for problems that, owing to their widespread existence, seem more legitimate and are demanded by many clients. That is, the public might support services due to a recognition that the problems hit close to home, or fee-for-service arrangements might be a source of support. Public activity might be a bit less in these areas partly because private agencies are plentiful.¹⁶

In sum, there is only moderate support for Gronbjerg's hypotheses concerning differences in the problems covered by private and public agencies. As she predicts, private agencies are less prone to stress basic needs, particularly financial needs--a perhaps obvious observation in light of the great expansion of public welfare since the New Deal. They are more likely to stress some problems she considers quality-of-life issues. But, as has been argued, these differences can more reasonably be explained by specific arguments about priorities than by Gronbjerg's view--for example, it is unclear if "quality of life" is the appropriate description of issues involving health. Moreover, there are some additional differences in the problems covered by private as opposed to public agencies that are inconsistent with her argument. And there is a positive rank order correlation between the problems covered by agencies in the two sectors, indicating that in general there is more support for the alternate hypothesis, which stresses similarities, than for Gronbjerg's view.

SERVICES RENDERED

Table 2 presents the ranks and frequencies involving the services rendered by the agencies. Gronbjerg's hypothesis is that private agencies are strongly differentiated from public agencies. They are said to focus more on "professional" services in contrast to public agencies, which deal with tangible, material services. The alternate hypothesis is that the two types of agencies provide very similar services.

The overwhelming picture in the data supports similarities. Looking at ranks, there is only one instance in which there is a difference of at least five--public agencies are much more likely to render employment and

Table 2

Comparison of Services Rendered in Private and Public Social Welfare Agencies by Rank and Frequency

Service	Private Agency (N = 570)		Public Agency (N = 105)	
	Rank	Frequency	Rank	Frequency
Education	1	33.9%	2	32.4%
Counseling	2	28.4	1	42.9*
Information and referral	3	18.4	4	29.5*
Day care	4	17.0	7.5	13.5
Recreation	5	15.3	7.5	13.3
Medical care	6	12.5	11	7.8
Advocacy	7	10.9	12	6.7
Material assistance	8	10.5	5	26.7*
Rehabilitation-residential	9	8.4	9.5	8.6
Employment and training	10	8.1	3	31.4*
General social services	11	6.3	6	17.1*
Transportation	12	5.6	9.5	8.6
Maintenance-residential	13	3.7	17.5	1.9
Rehabilitation-day	14	2.5	13.5	5.7
Chore	15	2.1	13.5	5.7
Adoption	16	1.9	15.5	3.8
Foster Care	17	1.4	15.5	3.8
Community organization	18	.9	17.5	1.7
Developmental-residential	19	.7	19	0

$r(s) = .84$ *p < .05 (comparing frequencies)

Ties are dealt with by averaging ranks.

training services. Even moderate size differences in ranks appear rare. The same items rank low--thirteenth through nineteenth--in both the private and public agencies, despite some specific differences among the ranks of these items between agencies in the two sectors. On the other extreme, the items ranking first, second, and third among private agencies (education, counseling, and information and referral) rank second, first and fourth, respectively, in public agencies. It is therefore no surprise that the rank order correlation between services is statistically significant and quite large, .83.

Similarities are also apparent when frequencies are compared. Only 6 out of the 19 services are rendered with a statistically significant difference in frequency by private, as opposed to public agencies. Interestingly, in all cases the public agencies are more likely to render these services, which include material assistance, information and referral, counseling, employment and training, general social services, and chore services.

Interpretation

Once again, there is support for the hypothesis which opposes Grønbjerg's that private and public agencies tend to focus on similar services. The domains of the two types of agencies have a positive rank order correlation, and only a few large differences in ranks or frequencies occur. Grønbjerg's claim that private agencies promote professional services more often is thus not supported. (In fact, according to the frequencies, counseling, an activity she claims is most professional, is stressed more by public agencies.)

It is difficult to determine why similarities are so striking. One possibility is that certain services directly follow from the social problem, so that a similarity in ranks in problems naturally leads to a similarity in services. Thus, medical care services are linked to health needs, education to day care (in part), and so forth. The rank order correlation involving services may be higher than the correlation involving problems because services tend to be used for multiple problems. For example, education may be linked not only to day care, but also to health problems. In short, the fact that the two sectors deal with similar problems seems to explain similarities in services, so that the alternate argument, stressing similarities in problems, is thus indirectly supported.

A few differences in services exist, and two seem to reflect the concentration and problems directly. Differences concerning material assistance and unemployment services seem to relate to differences between the sectors in dealing with unemployment problems. That is, the problems are less likely to be a private responsibility, and this may lead to the difference in frequencies involving the services. In these cases, the extent to which differences support Grønberg's case thus depends upon the same argument presented in the section on differences in problems.

According to the frequencies, the private sector focuses less on information and referral, general social services, and chore services. Such differences may fit Grønberg's theory that private agencies are less likely to deal with tangible services. But other tangible services, such as transportation, do not demonstrate differences. Thus, these differences seem to be due to specific public aims and not the mass society theory. Perhaps differences concerning information and referral services

might reflect a belief that government agencies should take responsibility for referring an individual whom they cannot serve. Relations involving general social services might simply reflect the existence of workers in public welfare agencies who have multiple tasks, whereas chore services might be more of a public responsibility because they are too expensive for most private agencies to provide.¹⁷ It is difficult to trace such explanations to the mass society argument.

Finally, because public agencies tend to be concerned with a slightly larger range of problems than private agencies--1.73 compared to 1.50--the remaining difference may simply stem from the size of the various domains. Counseling is common in agencies in which a large range of problems are stressed: individual and family life, alcoholism, neglect and abuse, family planning, health and mental health.¹⁸ It is possible that counseling is thus viewed as useful to deal with many problems. Because public agencies deal with more problems, perhaps it is natural that they tend to rely on counseling more frequently to deal with at least one of them.

In sum, the alternate hypothesis, which stresses similarities, is generally supported by the high rank order correlation and lack of large differences. Further, those few large differences in services between the two sectors are inconsistent with Grønberg's claim that private agencies usually stress professional services. At best, the data only support her argument that private agencies focus on services involving material assistance and certain tangible needs less often. But for the few cases in which services in the private sector differ in frequency from those in the public sector, explanations may be linked to specific differences in problems covered, rather than to Grønberg's theory.

POPULATION COVERED

Another set of issues involves the client population served. Grönberg believes that private agencies tend to be more particularistic than public agencies, although the direction is toward universalism in both sectors. The alternate theory suggests similarities. Table 3 reports the population served, focusing on sex, race, religion, age, and the existence of a means test.

Before comparing the private sector to the public sector, it is useful to inspect the frequencies of the private agencies separately. In most instances, it seems that universalism is the dominant mode in the private sector. Only 4.2 percent of the agencies serve only males, and only 2.1 serve only females. Very small percentages rely on racial or religious selectivity. The means test is also uncommon, utilized in 4.7 percent of the private agencies.

Forty percent of the private agencies have no age restrictions, and each of the listed age groups is covered by a majority of the private programs. Thus, while age selectivity is not universal, a large percentage of the agencies seem to select a portion of the population to serve. Basically, the percentage served increases with age.

Are the private agencies more particularistic than the public? In one obvious case the opposite occurs. Public agencies are much more likely to have means tests. But this seems consistent with the focus on financial problems, which practically by definition are means tested. Private agencies that dispense financial aid are also more likely to have means tests.¹⁹

The difference is not great, but private agencies are indeed somewhat more restrictive in terms of age. In particular, they are less likely to

Table 3

Comparison of Populations Served in Private and Public
Social Welfare Agencies

Population Served	Frequency Served	
	Private Agency (N = 570)	Public Agency (N = 105)
<u>Population Group</u>		
Males only	4.2%	1.0%
Females only	2.5	0.0
One religious group	1.4	0.0
Below a given income (means test)	4.7	21.9*
<u>Race</u>		
Whites	98.2	100.0
Blacks	98.2	100.0
Native Americans	99.5	100.0
Asian Americans (various groups)	99.5	100.0
Spanish speaking (various groups)	98.6	100.0
<u>Age</u>		
Less than 5	59.3	56.2
5-12	50.7	52.4
13-17	62.8	67.6
18-21	66.3	76.2*
22-54	64.6	75.2*
55-59	70.0	79.1
60-64	70.7	80.0*
65 or over	70.7	80.0*
All ages	39.8	43.8

*p < .05

serve groups 18-21 years old and the 22-54 years old, and are also somewhat more selective (not to a statistically significant degree) to older individuals. The relation occurs despite the fact that private agencies are only slightly less likely to serve all age groups; apparently, these agencies target somewhat smaller ranges among adults and the elderly in general than do public agencies.

Given the near universalism of race, religion, and sex domains, one might not expect private agencies to be less universalistic on these measures. Within the limits of selectivity, however, the particularism of these agencies (which Grønberg predicts) is apparent. Private agencies are a bit less likely to serve males, and demonstrate somewhat more selectivity on race and religious grounds (this is not statistically significant). As might be expected, no public agencies exclude racial or religious groups.

Interpretation

There is fairly strong support for Grønberg's claims concerning the population served. Private agencies are indeed more selective than public agencies (except for the existence of a means test). Perhaps there is some historical continuity, as many private services traditionally had a religious or ethnically based mission. But in general, both groups have "universalistic" orientations and accept a wide range of clients. The notable tendency of agencies to become more more universalistic (whether because of the political extensions Grønberg stresses or the dominance of large bureaucracies that promote equality as stressed by Weber and many others)²⁰ is quite evident.

PRIVATE DOMAINS AND PUBLIC FINANCIAL SUPPORT

There results seem to indicate at least a moderate degree of overlap between the domains of the two sectors. If there is some differentiation due to political changes in the last few decades, as Grønberg claims, it clearly is not complete. But Grønberg also claims that some differentiation is due to the way public agencies fund the private sector. Public agencies are said to primarily fund private agencies that are willing to differentiate their problems and services from those of public agencies, so that overlap is avoided. Thus, she might object to the data by claiming that the predicted pattern should be more apparent in private agencies that are funded by government. She also claims that public agencies demand that the private agencies they fund are universalistic.

Again, there is an alternate hypothesis (for problems and services); perhaps public agencies fund agencies that are very like themselves. Contracting may occur when there is an overload of clients, or when public agencies in a specific community wish to make use of the private sector to deliver services that are normally public priorities. Thus, a key question emerges: Do private agencies that are funded by government tend to represent the pattern Grønberg hypothesizes more completely for problems and services, while becoming more universal with the population served?

In theory, it is possible to test predictions concerning the impact of public funding by relating the acceptance of governmental support by private agencies to all of the variables described in Tables 1, 2, and 3. Unfortunately, the tables provide too much information. Such an extensive series of comparisons would be too confusing to discuss.

As an alternative, a few variables will be selected to represent the effect of public funding. Funding from the government is related to seven problems: individual and family life, health, day care, continuing financial need, unemployment, drug dependency, and criminal justice. Services to be tested include counseling, medical care, employment and training, day care, day rehabilitation, residential rehabilitation, and advocacy.

Most of these variables are items for which differences in emphasis between private and public agencies were discovered from comparisons of frequencies in Table 1 and 2. Thus further analysis will help discover if public funding leads to the division of labor that Grønberg predicts. A few of the included variables describe problems and services that private and public agencies are about equally likely to provide. In each case, however, the aspects of the domain relate to important hypotheses. Thus, Grønberg may claim that public funding might decrease advocacy, an activity that is not considered professional,²¹ while her argument seems to predict that public funding would increase the focus of private agencies on rehabilitation, a professional service.

Public financial support will be related to all aspects of the population served, including ages, race restrictions, religious restrictions, sex restrictions, and the existence of a means test. Grønberg seems to imply that in all cases, public funding should reduce restrictions and thus increase the universalism of services.

Results

As Table 4 points out, 183 of the private agencies receive public funding from one or more levels of government. Comparing these to other private agencies, there are four statistically significant relations

Table 4

Frequencies and T-tests Concerning the Domain of Private Agencies;
Public Funding and No Public Funding
(N = 570)

	Frequencies	
	Public Funding (N = 183)	No Public Funding (N = 387)
<u>Problem</u>		
Individual and family life	27.3%	25.17%
Health	8.7	21.2*
Day care	11.4	17.8*
Continuing financial need	3.3	3.4
Employment	15.3	1.6*
Mental health	12.6	5.7*
Drug dependency	3.3	2.3
Criminal justice	4.3	1.3*
<u>Service</u>		
Counseling	27.5	27.9
Rehabilitation-day	3.8	1.8
In-patient rehabilitation	14.8	5.4*
Medical care	10.4	13.4
Employment and training	18.6	3.1*
Day care	14.8	18.1
Advocacy	12.0	10.3
<u>Ages</u>		
Under 5	47.5	64.9*
6-12	39.9	55.8*
13-17	56.8	65.6*
18-21	63.4	67.7
22-54	61.8	65.9
55-59	72.1	69.0
60-64	73.8	69.3
Over 65	73.2	69.5
All ages	30.1	44.2*
Males	94.5	96.4
Females	97.8	97.9
Whites	96.2	100.0*
Blacks	96.2	100.0*
Asiatics	97.8	100.0*
Hispanics	95.6	100.0*
Native Americans	98.4	100.0*
All religious groups	100.0	99.7*
Means test	5.5	4.4

*p < .05.

involving the social problem private agencies have in their domain. When private agencies receive public funding they are more likely to include unemployment or criminal justice problems. In contrast, they are less likely to be involved with health or day care problems.

Public funding relates to two services. It is consistent with the provision of employment and training, and with residential rehabilitation (that is, rehabilitation is an institution).

Finally, agencies receiving public funds are less likely to serve those under five years old or between six and twelve, and they are also less likely to serve all age groups without restrictions. Governmentally funded agencies are more likely to serve all religious groups, but are less likely to serve each in the list of ethnic groups.

Interpretation

Agencies that rely on public funds seem to differ from those that rely on other sources of support in many significant ways, but there are many similarities, as well. It is best to distinguish interpretations of the relations involving the problems, services, and client populations.

1. The relations involving problems are quite obviously in opposition to Grønberg's claims. While she predicts that quality-of-life issues are stressed more when private agencies receive public funding, this does not seem to be the case. Individual and family life problems are neither more or less common when private agencies receive public funding, while, in direct opposition to Grønberg, day care and health problems are less commonly in the domain of private agencies with such support.

In most ways, the relations seem to imply the alternate hypothesis; public agencies are actually more likely to fund private agencies that share the special concerns of the public sector. Unemployment is a

public agency responsibility more frequently than a private one (according to Table 1), and private agencies receiving public funds focus on this problem more often. Criminal justice follows the same pattern. In contrast, when issues involve areas in which private agencies are more active than public agencies, such as individual and family life, health, and day care, public support does not relate to a private emphasis on these problems.²²

One finding seems to be directly inconsistent with this description. Agencies receiving public funds are less likely to focus on continuing financial need issues than other private agencies, and this activity is normally stressed in the public sector. In this one case Grønberg's view seems supported. Since the New Deal, the notion that financial problems are a governmental responsibility has grown, and perhaps public agencies are not likely to fund private agencies that seem to duplicate this service. Contracting out financial services to private agencies is usually illegal (in order to maximize equity and ensure equal treatment), thus limiting the role of the private sector. Nevertheless, except in the very important case of financial aid, the general picture is of public agencies funding private services that are similar to, rather than different from, public services.

2. Relations involving services are also inconsistent with Grønberg, as there seems to be little evidence for her claim that public funds promote more professionalism on the part of private agencies. Four services that might seem particularly professional, counseling, day rehabilitation, medical care, and residential rehabilitation are included in the list, and only residential rehabilitation seems more common when there is public funding. Yet, in this case, a more specific hypothesis than Grønberg's seems likely; residential rehabilitation services are pro-

bably largely supported by state and federal health and rehabilitation funds. The reliance in the United States on public support of private providers, rather than a national health care system, seems to explain the relation best (a reliance that seems to be more due to lobbying from various medical groups than to a public desire to fund private services that are particularly professional).

Services that do not seem highly professional, such as advocacy, employment and training, and day care, are not less common when private agencies are funded by government. This is in opposition to Grønberg's theory. Indeed, employment and training services are more common when there is public funding. As mentioned with respect to the problem served, this may indicate that public agencies fund services that are public priorities.

3. Are agencies that receive public funds more universalistic? Even confining the discussion to statistically significant differences, the results are unexpected. In many ways public funding seems to encourage particularism, not universalism. Thus, in terms of age, private agencies receiving public funds serve "all" age groups less often and focus on the young to a slightly smaller degree. The findings appear to contradict Grønberg's claims that public funding encourages universalism, and it also contradicts the alternate hypothesis' similar claim.

Perhaps the relation occurs because public agencies have difficulty in specializing in an age group because of legal constraints. Thus, when services to a specific age group are required, they tend to contract the services out to a private agency. Combined with information concerning the problem and service offered, the data appear to suggest that public agencies often rely on the private sector to provide for problems and

services that are in the public domain, but encourage private agencies to limit the ages of the population served.

The use of private agencies to provide particularized services is also apparent in the relations involving race. In direct opposition to the claim that public funding promotes universal coverage, private agencies that receive public funds are somewhat more likely to exclude some ethnic group. Again, this appears to be a function of the way public agencies use private agencies to be more particularistic than public agencies can be. Government officials may at times believe that certain ethnic groups, such as Native Americans, need a separate service. It is not appropriate for public agencies to have ethnic criteria; rather, they apparently rely on private agencies to provide such services. Publicly funded private agencies are the only organizations in our sample that have formal racial criteria.

The only relations that are consistent with Grønberg involve religion. Literally all of the publicly funded agencies serve all religious groups. There is a strong, constitutional mandate, backed by many years of public discussion, that the government cannot support sectarian causes. This mandate seems to be carried out in public dealings with private agencies. The agencies apparently cannot both receive public funds and exclude any religious group.

CONCLUSION

Are private agencies a hedge against the mass society, as Grønberg believes? She bases her argument on the claim that their domain is quite different from that of public agencies. In her terms, the implication of the current data suggests that private agencies are a weak hedge, at

best. According to the statistical analysis, the similarities between the two sectors in population, problems, and services are greater than the differences. To be sure, the private sector stressed problems Grønberg says involve the "quality of life," but the differences are only a matter of degree. And, the explanations of differences do not support her view that the need of private agencies to differentiate themselves from public agencies is key. Rather, they tend to suggest that private agencies are likely to be unusually heavily involved in problems that affect wide segments of the population, and do not provide particularly expensive material services.

Public funding of private agencies, clearly an important trend, seems to actually cause more similarities than differences in problems and services. Therefore, even if there is a hedge to the mass society, the evidence contradicts Grønberg's view by indicating that in many ways governmental control seems to limit it. One exception is that government funding goes to private agencies that have a more specific clientele. But it has been argued that this represents the use public agencies make of the private sector, and therefore is inconsistent with any role private agencies may have as a hedge against the public sector. Grønberg is only supported in the case of financial problems, which are indeed seldom in the domain of private agencies that are funded by the government.

Certainly, the data do not indicate that public and private agencies are identical. There are differences in the domain of agencies in the two sectors. And there may very well be different nuances in techniques used, the quality of services, the qualification of staffs, and so forth that the data cannot address. But the uncovered differences in domain, and these possible differences, represent differentiation between the two

sectors in a more specific way and at a lower level of analysis than the argument based on a mass society claims.

The alternate view to Grønbjerg's can be said to receive somewhat more support. This view focuses on the existence of many interest groups that affect all organizations similarly. Such a view is supported by the positive rank order correlations, the fact that there are few specific differences in ranks or frequencies, and the tendency of public agencies to fund private agencies that mirror the public sector. While the causal mechanism is not verified, the universalism of many private agencies can also be explained within such a view. When there are multiple interest groups, it is in the interests of organizations to try to become universal to avoid complaints from any one of them. This insight has been expressed in works concerned with the nature of organizational society.²³

Nevertheless, the results are much more complicated than the alternate perspective implies. There are differences between public and private agency domains, and this suggests that even if similar interest groups influence public and private agencies, they demand somewhat different goods and services from each sector. For example, only the public sector can tax, and thus afford expensive services. Perhaps this accounts for more pressure on public agencies to deal with financial needs and certain expensive services. Certain social contact issues also seem to be demanded of public agencies more frequently.

The public sector apparently also must deal in a special way with pressures involving small sections of the population. This is indicated by the fact that services to certain ethnic groups and to limited age groups are funded by the public sector.

A relatively complicated argument is needed in this special case. Perhaps universalistic rules prevent public agencies from meeting demands for such specialized services themselves. Instead, they contract services to private agencies. Such private agencies may be able to specialize because they are protected from the outside demands toward universalism most private agencies (according to the alternate theory) face. They need not fear complaints from the community that they are too specialized as much as other private agencies do, because they are funded by the government. Indeed, one of the important roles of private agencies may very well be to help the government meet service needs of specialized age groups and oppressed populations when those needs cannot be met in universalistic, governmental programs.

These explanations are so complicated that they are far from the simple alternative view of organizational theorists. Thus, the alternative view cannot be said to be completely verified. Indeed, the explanations offered above seem to involve elements of both Grønberg's model and the alternatives; the results demonstrate a few differences that are consistent with a view stressing unique pressures placed on public and private agencies, along with many similarities.

Despite the failure of the data to completely confirm either theory in full, much useful information is apparent. Results imply that many specific differences and similarities in services, problems, and population group must be taken into account in understanding the role of private sector as it related to the public sector. Common pressures on all agencies, differences in resources between the two sectors, and special demands placed on each type of agency all seem to play a role.

There is a clear lesson from the nature of the explanations. Apparently, any approach that posits a one-dimension view of the role and domain of private agencies will only explain part of their behavior. Private agencies appear to play complicated roles in society, which depend upon specific governmental priorities, funding arrangements, demands from the community, and presumably, many other forces. They are much more closely tied up with a variety of social processes than many might imagine.

NOTES

¹For example, Kirsten A. Grønberg, "Private Welfare in the Welfare State: Recent U.S. Patterns, Social Service Review, 56 (March 1982), 1-26; Ralph M. Kramer, Voluntary Agencies in the Welfare State (Berkeley: University of California Press, 1981); Gordon Manser and Rosemary Higgins Cass, Voluntarism and the Crossroads (New York: Family Service Association of America, 1976); Kenneth R. Wendel, Arthur J. Katz, and Ann Weick, eds., Social Services by Government Contract: A Policy Analysis (New York: Praeger Publishers, 1979).

²Sol Levine and Paul White, "Exchange as Conceptual Framework for Interorganizational Relations, Administrative Science Quarterly, 5 (September 1961), 583-601; James D. Thompson, Organizations in Action (New York: McGraw Hill, 1967).

³Kramer, op. cit., pp. 1-16, summarizes these views.

⁴Giving in America: Towards a Stronger Voluntary Sector (Washington, D.C.: Commission on Private Philanthropy and Public Needs, 1977); Paul Terrell, "Private Alternatives to Public Human Services Administration," Social Service Review, 53 (March 1979), 56-74; Grønberg, op cit.

⁵Grønberg, op. cit.

⁶Jack W. Brittain and John Freeman, "Organizational Proliferation and Density-Dependent Selection," in John R. Kimberley and Robert H. Miles, eds., The Organizational Life Cycle (San Francisco, Josey Bass, 1980); Johannas M. Pennings, "Environmental Influences on the Creation Process," in Kimberley and Miles, op cit., pp. 134-160; Arthur L. Stinchcombe, "Social Structure and Organizations," in James March, ed.,

Handbook of Organizations (Chicago: Rand McNally, 1965). Richard Scott, "The Factory as a Social Service Organization," Social Problems, 15 (1967), 110-175; Berton R. Clark, "Organizational Adoption and Precarious Values," American Sociological Review, 21 (1956) 327-336; Phillip Selznick, TVA and the Grassroots (Berkeley: University of California Press, 1949).

⁷Grace Abbott, From Relief to Social Security: The Development of the New Public Welfare Services and Their Administration (Chicago: University of Chicago Press, 1941); June Axinn and Hermin Levin, Social Welfare: A History of the American Response to Need (New York: Harper and Row, 1975); Robert H. Bremmer, American Philanthropy (Chicago: University of Chicago Press, 1960); James Leiby, A History of Social Welfare and Social Work in the United States (New York: Columbia University Press, 1978); Edyth L. Ross, Black Heritage in Social Welfare 1860-1930 (Metuchen, New Jersey, Scarecrow Press, 1978), Linton B. Swift, New Alignments between Public and Private Agencies in Community Family Welfare and Relief Programs (New York: Family Welfare Association of America, 1934); Walter I. Trattner, From Poor Law to Welfare State (New York: The Free Press, 1974).

⁸Peter D'Agostino, "Purchase of Social Services: A Prepayment Approach," Ph.D. Dissertation, University of Wisconsin-Madison, School of Social Work, 1974; William G. Hill, "Voluntary and Government Financial Transactions," Social Casework, 52 (June 1971), 356-361; Gordon Manser, "Further Thoughts on Purchase of Services," Social Casework, 55 (June 1974), 421-427; Ruth M. Werner, Public Financing of Voluntary Agency Foster Care: 1975 Compared to 1957 (New York: Child Welfare League of

America, 1976); Bernard J. Coughlin, Church and State in Social Welfare, (New York: Columbia University Press, 1965); Margaret Gibleman, "Are Clients Served Better When Services Are Purchased?" Public Welfare, 39 (Fall 1981), 27-33; Arnold Gurin and Barry Friedman, Contracting for the Delivery of Human Services: A Study of Contracting Practices in Three Human Services Agencies in Massachusetts, Report to the Office of Human Development Services, Department of Health and Human Services, 1980; Nelly Hartogs, Impact of Government Funding on the Management of Voluntary Agencies (New York: Greater New York/United Way, 1978); Camile J. Lambert and Leah R. Lambert, "Impact of Poverty Funds on Voluntary Agencies, Social Work, 15 (April 1970), 53-61; Felice Davidson Perlmutter, "Public Funds and Private Agencies," Child Welfare, 50 (May 1971), 264-270; Dennis R. Young and Stephen J. Finch, Foster Care and Non-Profit Agencies (Lexington, Mass.: Lexington Books, 1977).

⁹Kramer's study of voluntary agencies, op. cit., comes the closest, but it has an international focus and examines only one area of service.

¹⁰Joel Handler and Michael Sosin, "Emergency Assistance and Special Needs Programs in Public Welfare," Report to the Department of Health and Human Services, Social Security Administration, 1980.

¹¹Alfred J. Kahn, Social Policy and Social Services (New York: Random House, 1973).

¹²To achieve completeness, twelve directories were collected, two from each of the six stratifications, and the most complete in each cell was coded.

¹³Stuart Kirk and James Greenley, "Organizational Characteristics of Agencies and the Distribution of Services to Applicants," Journal of Health and Social Behavior, 14 (March 1973).

¹⁴David V. Huntsberger, Elements of Statistical Inference, Second Edition (Boston: Allyn and Bacon, 1967).

¹⁵Handler and Sosin, op cit., Maryland Department of Human Resources, "Response to House Joint Resolution 16 of the 1978 Legislative Session;" unpublished document, January 1979.

¹⁶Importance of popularity of the problem is also supported when one looks at ranks of agencies in the private sector, regardless of the public sector ranks. Health, individual and family, life and the need for day care are stressed most, and all deal with problems nearly all individuals or families might have. Virtually all of the other problems seem to concern smaller segments of the population and are stressed much less often. The demand for service and the perceived importance of the social problem may again play a role.

While perhaps tangential to this paper, a case can thus be made that problems that might be perceived as more "deserving" of help are stressed more, in general, than those that are often the subject of considerable stigma in the United States. Thus, such problems as aging, development disabilities, and mental health are stressed more than drug abuse or criminal justice matters, and the former apparently are less stigmatized in American society. These differences in ranks seem to offer contradictory evidence to Grønberg's claim that the quality of life as opposed to basic needs is the major distinction.

Certainly, the extent to which problems are viewed as deserving of support does not explain all of the ranks. For example, abuse and neglect services might be viewed as legitimate but are rarely offered, probably due to a decision to concentrate them in a small number

of agencies sanctioned by law. Law-related services, such as tenant-landlord problems, may be dealt with more by legal aid than by social service agencies. The most important point is that a wide number of very specific explanations seem to be operating alongside the general distinctions provided by previous theory.

¹⁷It is interesting to specifically note the wide range of services for which there is relatively equal interest in both the public and private sector. These include many of the "hard" services in which the public sector is often said to be involved (including emergency financial assistance), as well as some "soft" professional services (such as rehabilitation). Many believe that advocacy is more common in the private sector, but this is not supported. Public agencies seem to allow some of their employees to advocate for clients--and while it is not reported in the table, advocacy for policy issues in the public sector is also similarly dispersed in public and private agencies.

¹⁸These relations are statistically significant at or beyond the .05 level.

¹⁹The relation is statistically significant beyond the .05 level.

²⁰James Coleman, Power and the Structure of Society (New York: W. W. Norton and Co., 1974); Michael Sosin, "Social Welfare and Organizational Society," Social Service Review, 53 (September 1979), 392-405; Max Weber, The Theory of Social and Economic Organization (New York: Oxford University Press, 1947).

²¹Similar arguments, and rebuttals, are found in Kramer, op. cit., pp. 212-232.